EUROPE'S BUSINESS NEWSPAPER rastilo Philiphee RESLET Portugal CE2.80 Italy BK150.0 Jactan Pis.000 S.Atable BE225 Kuwit Pis.000 S.Atable BE225 Kuwit Pis.000 S.Atable DM3.80 Malaysia DM3.80 Malaysia DM3.80 Malaysia Brita Marcocco DM3.84 Malaysia Brita Marcocco DM3.84 Malaysia Brita Market Notas Malaysia Brita Notwey Marto.8 LAS Pascalo Rec140 Galler Rid7.00 Rid7.00 Rid7.00 Rid7.00 Strift Stri **FINANCIAL TIMES**

measures

expected

Palladium

\$ per troy ounce ;

180

170 1

160

150 🎬

140-1

130

Page 36

Page 26

Argenting is facing the

fidence in the austral currency. Page 6

PALLADIUM and platinum prices rose to their daily trad-

nuclear fusion experimen

Palladium reached the highest level since late November 1980,

EUROPEAN Commission clari-

which the Community will allow banks from non-EC coun-

\$178.50 an ounce, up \$10.50.

fied the conditions under

tries to set up subsidiaries.

TSB, fifth largest UK banking

group, announced sweeping changes in the structure of

CREDIT LYONNAIS, the French state-owned bank, saw

net profits fall to \$327m. Page

JAPAN'S total merchandise trade surplus in March eased 10 per cent to \$6.700.-Page 4

BLUE CIRCLE, the UK cement

manufacturer forecast sales would top 20m tonnes this

CLAL Group; Israel's biggest privately owned industrial. group reported a \$21.5m loss

year. Page 27

for 1988. Page 30

its boards. Page 9

LLOYD'S Liabilities hotpot starts to simmer Page 8

D 8523A

World News Dairy pay-out Argentine prompts claims of EC farm fraud

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The possibility of Europea Community farm frand was raised when a member of the European Parliament claimed substantial sums had been wrongly paid out to EC dairy producers.Page 26

Lockerbie inquiry US investigators have identi-

fled passengers who they sus-pect may have carried the bomb that destroyed Pan Am Flight 103, over Lockerbie. Page 6

Soda ash inquiry

European Commission officials are carrying out an investiga-tion into possible price fixing in Western Europe's soda ash industry, which produces raw materials for glass.Page 26

Iranian arrest

Revolutionary Guards arrested the son and son-in-law of Ayatoliah Montazeri, who was sacked as successor to Ayatol-Jah Khomeini.Page 4

Invitation to Akihito

Chinese Premier Li Peng invited Emperor Akihito to make the first visit to China hy a Japanese emperor. Page

Italian survival.

The Italian Government led by Ciriaco De Mita became the country's 17th post-war administration to survive more than a year in office.Page 3.

Takeshita pressure

Noboru Takeshita, the Japanese Prime Minister, was put under fresh pressure by his own party to defuse the crisis caused by the Recruit scan-dal.Page 4

Tamils kill 45 Tamil separatist rebels exploded a car bomb in eastern

Sri Lanka, killing at least 45.

VIENNESE banks have won

Delors group leaves Business Summary timing of monetary emergency unity to politicians imposition of emergency eco-nomic measures to stem run-away inflation and restore con-

members.

clear statements of what must

take place before union is achieved. It states, for exam-ple, that economic and mone-tary union would require amendment of the EC treaties.

In the final stages of the pro-cess towards monetary union, the group envisages the cre-ation of a European central bank, based on the West Ger-man Bundesbank and US Fed-

also marks out how the Euro

By Peter Norman, Economics Correspondent, in London

THE DELORS Committee of institutional trappings of a European Community central bankers and outside erperts has pushed the key issue of how fast the 12 EC member states should move towards Kuropean Community central bank and community central bank and common currency. Key issues it has not addressed are the timing and addressed are the timing and speed of developments. By

economic and monetary union firmly into the laps of the Com-munity's political leaders.

Speaking to the European Parliament in Strasbourg yes-terday, Mr Jacques Delors, the European Commission President and chairman of the group, said monetary union was now up to politicians to decide, but the issne was becoming difficult to resist. "Nobody will say you-can wave a magic wand as far as

monetary union is cou-cerned. it is a major political decision," Mr Delors told the Nov 1988 1989 Apr Parliament. "But even if you set aside the political aspect, I think you can say economic ing limits on news that a University of Washington researcher had again con-firmed the result of the Utah and monetary union is indis-pensable."

The report of the Delors Committee was agreed unani-mously in Basle on Wednesday. Although details are not due to be released until Monday, European monetary offi-cials said the 17-strong group has marked out a route along which the Community could move towards union with its

pean Currency Unit could evolve into an EC currency. By leaving the question of timing open the report has bridged the gap that existed

between countries such as West Germany, Britain and Luxembourg, which argued that economic and monetary init economic and monetary union should be a slow evolu-tionary process, contingent on a greater convargence of eco-nomic performance in the EC, and nations such as France, Italy and Spain which demanded speedier institu-tional change leaving these questions to the politicians, the Delors group was able to produce a report that could be signed by all its According to the officials, the Delors Committee's report has none the less made some tional change. British Government reaction

Friday April 14 1989

remains to be seen. Earlier this year, Mr Nigel Lawson, the UK Chancellor, warned that nei-ther the Government nor the British Parliament would accept changes to the EC trea-ties to give affect to economic

monetary integration could proceed.



overshadowed by fresh confusion

By David Marsh in Bonn

MR HELMUT KOHL, the West the Government's appeal on the Right, can be expected to stand up strongly in Cabinet for the DM10bn (\$5.3bn) Wack-German Chancellor, yesterday attempted to bolster his Government's electoral standing by anuouncing a Cabinet reshuffle designed above all to improve handling of controver-sial defence and immigration ersdorf veoture.

The action - aimed at steminvestments - brought in last ming a tide of setbacks for the Centre-Right coalition in recent months – was, bow-ever, immediately overshad-owed last night by fresh confu-sion over key aspects of the year as part of an income tax cuts package - threw financial markets into confusion yesterday. The D-Mark at first firmed on belief that the tax would be on belief that the tax would be scrapped as part of new poli-cies from Mr Waigel. The with-holding tax has been blamed over the past year for prompt-ing capital outflows and thus weakening the D-Mark. The markets calmed later Government's tax and nuclear energy policies. Mr Kohl's move to change

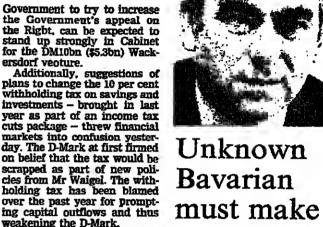
his Defence, Finance and Interior Ministers as well as five other less important portfolios, adds up to the most important reshaping of his Government since the coalition took office however as government offi-cials made clear that the tax might be modified but would not be scrapped. in October 1982.

Mr Kohl is bringing in as Finance Minister Mr Theo Wai-gel, chairman of the Bavarian The two main demotions yes-terday were of Mr Rupert Scholz, the Defence Minister, who is leaving the Cabinet after proving a highly unpopu-lar figure during a mere 11 months in office, and Mr Friedconservative party, the Chris-tian Social Union, in a clear bid to improve government cohesion during the run-up to the next general election in December 1990. rich Zimmermann, the Interior Minister, also from Mr Waigel's Christian Social party, who is

Also promoted is Mr Wolfgang Schaeuble, Chancellery Minister, and a key aide to Mr Kohl. Mr Schaeuble takes over being moved down to Trans-port Minister, the Interior Ministry where he who is well known on the international circuit after his will have to deal above all with the problems caused by grow-ing inflows of refugees from the Third World and Eastern Finance Ministry spell, would bring "authority" into the Defence Ministry post.

As the most senior member of the Federal Government Mr Gerhard Stoltenberg, team apart from Mr Hans-Die-trich Genscher, Foreign Minis-ter, Mr Stoltenberg will be Finance Minister for 6% years under the Kohl coalition, is

Helmut Kohl (left) at the press conference with spokesman Frie-dheim Ost, who lost his job in the reshuffle. Theo Waigei (below), Finance Minister



his mark **By Andrew Fisher**

in Frankfurt

CHANCELLOR Heimut Kohl bas turned south for his new Finance Minister, choosing Mr Theo Waigel, a pipe-smoking, bushy-eyebrowed Bavarian, to replace Gerhard Stolteuberg, the cool, silvery-haired northerner whose reputation has slid rapidly over the past year OF SO.

Although Mr Waigel,49, is virtually unknown in the financial community, his appointment caused considerable confusion and activity in markets yesterday. The reason was the with-

holding tax (Quellensteuer), a levy strongly criticised by the Bundesbank and others when Mr Stoltenberg introduced it flows of investment funds last

In the belief that Mr Waigel

would try to draw the teeth of

year

and monetary union. It is understood that the report makes clear the eco-nomic problems that a move to union could entail. It enshrines the principle of "parallelism" by which institutional progress towards union would go hand in hand with greater economic intregration in the EC. However, it would be left to political leaders of the member

eral Beserve system, that would give its highest priority to maintaining stable prices. It is understood that the report, which will be handed to heads of government today, countries to determine whether and when conditions had evolved to the extent that steps towards economic and

US Speaker faces crisis over gifts and income

By Lionel Barber in Washington

MR JIM WRIGHT. Speaker of the US House of Representatives, improperly accepted gifts and evaded limits on outside income, according to a congres-

sional committee. The charges threaten to top-ple Mr Wright, the nation's highest elected Democrat, from his post.

A tearful Mr Wright vowed to defend his family honour, saying he wished at the earliest opportunity to appear

waiting for questions. The 66-year-old Texan was flanked by House Democratic leaders in a show of solidarity, but there were signs of splits in there were signs of splits in the party ranks over Mr Wright's difficulties and his performance yesterday way not considered convincing.

The ethics committee is expected to accuse him of up to 30 violations of House rules, mostly linked to his relation-

had violated House rules. It has yet to determine the sanc-tions it will recommend to the

tions it will recommend to the full House but most Democrats concede that even a reprimand would prove fatal. Mr. Wright must decide shortly whether he wants to appear before the committee to rebut the charges or whether he wants to proceed quickly to a vote by the committee on whether to hold a disciplinary hearing.

ship with Mr George Mallick, a hearing The Speaker's wife, Betty, Texas property developer who gave thousands of dollars in worked for Mr Mallick between 1979 and 1980 and again gifts to the Speaker and his between 1981 and 1984. She was wife when Mr Mallick had a paid \$18,000 a year and given the use of a Cadillac and a condominium. In key votes, the committee sided with its spe-cial counsel, Mr Richard Phe-**Continued on Page 26**

Israeh border police shot dead six Palestinians in a raid on West Bank village Page 4

Tbilisi under guard Troops and tanks kept a tight grip on Thilisi as the capital of Soviet Georgia prepared for the first funeral of the 19 peo-

ple killed in clashes.

Solidarity register

Solidarity trade union applied for legal registration after a seven-year ban imposed by Poland's Communist authorities. Page 3

Syrian attack

Two helicopters with Syrian markings fired rockets at two Soviet vessels in the eastern Mediterranean, injuring seven

Pastor arrested

South Korean police boarded an airliner at Seoul airport to arrest a dissident pastor returning from an unauthorsed trip to communist North Korea, Page 4

New Gulf talks

UN Secretary General Javier Perez de Cuellar Will preside over another round of peace talks in Geneva between Iran and haq.

Yachtsmon saved

MARKETS

CAC General Index

AP

Jan 1989 Apr

US kunchilme Y132.04 Federal Funds 97; % London

(912) A 1.8750 (1.8865) 3-mih Treasury Bills: FFr6.3425 (8.3675) yiald: 0.08% (8.99) FFr6.3425 (8.3675) Long Bond: 9712 Y13225 (132.95) (9731) (9731) A 1094 (9.15)

INTEREST RATES

yield: 9.12% (9.1)

S-month interbank

134% (same)

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France

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US military helicopters plucked 15 British yachismen, one injured, from huge waves and high winds in the Mediterranean, off the coast of Italy.

STERLING.

New York cli

DOLLAR

GOLD

New York close. \$1,6980 (1,6920) London: \$1,6970 (1,6920) DM3.1775 (3,1875) FFr10.7625 (10.7800) SFr2.7950 (2.8175) Y224.50 (224.75) Y224.50 (224.75)

New York close OM1.87255 (1.88205) FFr6.3395 (6.3605) SFr1.6445 (1.68475) Y132.04 (133.025)

New York Fatest Comex June

\$394,5 (392,1)

a series of financing and joint venture contracts with Eastern bloc enterprises. Page 6 COCA-COLA, world's largest maker of soft drinks, reported a surge in profits for the first

quarter. Page 30 HUME INDUSTRIES, Malaysian concrete and steelmaker has launched a general offer for Multi-Purpose Holdings (MPH). Page 29 ----

BRAZIL has begun a radical readjustment of its anti-inflationary programme by authorising salary rises of 12 per cent. Page 6

BERLINER BANK of West Berlin will raise its dividend two points to 10 per cent. Page 28

ANSETT AIRLINES, private sector Australian cartier. suspended a threat to shut New Zealand operations over a bid for Air New Zealand by Quantas: Page 29

BANK of JAPAN is to introduce an on-line computerised system for the buying and earing of government bonds. Page 31

BCP, Banco Comercial Portigues, is launching a rights issue to increase capital by \$192m. Page 31

ARNALDO Mondadori Editori, Italy's largest publishing group, will pay around \$508m to acquire L'Espresso group. Page 27

PUBLIC POWER CORP of. Greece awarded a mandate to Sumitomo Bank to arrange a \$150m loan. Page 32

AMI HEALTHCARE Group; the UK private medical com-pany, announced an increase in pre-tax profits to \$16.1m. Page 34

STOCK MDICES

Dow Jones Ind. Av. 2,296.00 (-23.65)

New York cit

S&P Comp 295.40 (-2.50)

World: 142.89 (Wed)

33,063.94 (-192.51)

1,741.9 (+20.9) OIL Brent 15-day (Argus)

\$19.18 (+0.06) (May) West Tex Crude

\$20.535 (+0.085)

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Frankfurt

(May)

2

1 nedo FT-SE 100 2,028.7 (-4.3)

before the House ethics com-mittee. "I am confident that in the 34 years I have served in the Congress I have not violated any of those basic rules or any commonly accepted standard of ethical conduct," he said in a long, rambling statement to reporters on Capi-tol Hill. He strode off without

direct interest in legislation. The committee - comprising six Democrats and six Republicans - voted 8-4 (with two Democrats defecting) to find "reason to believe" Mr Wright

cult post of Defence Minister. Puncturing the harmony which Mr Kohl tried to portray yesterday, the Bavarian State Government complained last night about the Chancellor's apparent move to downgrade plans for a controversial nuclear reprocessing complex in eastern Bavaria.

Mr Waigel, brought into the

opposition over low-flying exercises by the German and other Western air forces and general unrest over military links within Nato.

called on to shore up West Ger-

many's flagging consensus

Mr Scholz ran into particular

over military affairs.

Mr Kohl said Mr Stoltenberg.

Companions for the march to 1990, Page 24

this tax, the D-Mark strength-ened and share prices initially moved briskly ahead. Prices of domestic bonds, subject to the new 10 per cent tax on inter-est, firmed, while those of for-**Continued on Page 26**

spread fears in the US and Under an Hour by Train Japan about European protec-tionism - has been seen as a litmus test of the EC's policy Just Over an Hour by Car Stansted Airport is on Your Doorstep The Eastern Ports Link is Close at Hand THAN YOU THINK THE PETERBOROUGH EFFECT IS WORKING FOR YOU

Brussels eases path for non-EC banks to set up in Community By Tim Dickson in Strasbourg proposed had aroused wide-

THE European Commission yesterday clarified the condi-tions under which the Commu-nity would allow banks from In cases where the EC's partners have banking laws which are non-discriminatory but less liberal than those in the 12-nation bloc, however, the Com-mission says that it may pro-pose negotiations with the non-EC countries to set up subsidiaries. The move was seen as an attempt to dismiss what the Commission sees as the country concerned.

Announcing the change yesterday Sir Leon Brittan, th dangerous myth of "Fortress vice president of the Europea Commission who is responsib At its weekly meeting in Strasbourg, the Commission agreed on a proposed second banking directive which both for financial services, said th the amendments "send a clear message to our trading par simplifies the procedure for individual banking applica-tions and makes clear that in return the Community expects ners: That we welcome the establishment of their banks the Community and that w will only seek to hit back there is in effect national di the rest of the world to provide access for EC banks. crimination against us." Con menting on the right to negot ate with countries whose The proposed directive will not become law until approved by the member states. It is ate with countries whose banking laws are less libera but non-discriminatory, Si Leon said the EC was "fully entitled to argue that our mos liberal banking market is an example that the rest of the world should follow." designed to open up a single market in the banking sector by laying down criteria for the authorisation of banks in a member state and providing for EC-wide operations on the basis of meeting the conditions

for a licence in a single mem-CONTENTS

Knives flash on	the Hungarian	illexicos Looking for a model debt menu6
read to democra		World Trades Golgate takes a diverter to
A	Hungarian party	188k
	this week summoned the committee that	Management: Nurturing a profit motive in Africa'a private sector
	ousted four conserva- tive members of the politburo. What fur	Technology: Sun Microsystems Sparce battle against the big battalions
4 ⁻¹ - 10	ther reforms are needed before Hun gary becomes a fully	ing; The UK's role in electronics
	fiedged democracy? Page 3	Less West Germany, TSB, Beecham, Blue Cir- cle, Insider trading
Burope 2,3 Companies 27,30 America 6 Companies 27,28 Oversees 4 Companies 27,28	Agriculture	Financial Futures 43 Observer 24 Gold 38 Raw Material 36 36 International bonds 31,32 Stock Markets 36 Intil. Capital Markets 31,32 -Wall Street 49-52 Letters 25 -London 41-62 Lex 26 Technology 19
World Trade	Currencies	Limbard 25 Unit Trusts 11 Management 25 Unit Trusts 42-45 Management 12 Weather 25 Money Markets 48 World Index 52

	interior of the new pottoy
-07	on financial services after 1992.
he	Part of the problem was the
	way in which the original
es	directive was drafted, inspiring
he	fears that the EC would refuse
n	access to foreign banks whose
le	home authorities did not pro-
at	vide equivalent treatment.
ar	David Barchard in London
rt-	writes: Reaction to Mr Brit-
he	tan's proposals among banks
in	in Loudon was generally
ve.	favourable. National Westmin-
íf	ster, the largest British bank,
s-	said: "We have generally taken
D -	the British Government's view
ti-	that the original proposals on
se	bank reciprocity would have
al	harmed London as an interna-
ir	tional financial centre "
ly	The British Banks Associa-
st	tion said it would want to
n	study the the proposals to see
36	if they had gone far enough.

Brittan gives details of bank-ing directive, Page 4; No for-tress in EC banking; Page 24 The EC's second banking directive - which as originally

For more information on bow the Peterborough Effect can affect your business, contact Christopher Gibaud, Director. Peterborough Development Agency, Stuart House, Peterborough, PEI 11.J. Telephone (0733) 558816, today.

Europe "

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FINANCIAL TIMES FRIDAY APRIL 14 1989

EUROPEAN NEWS

EC agrees **Aerosol makers** rules for in EC deal to cut use of CFCs

By Tim Dickson in Strasbourg

THE GROWING political pressures on industry to pay more attention to the environ-ment were illustrated yesterday when the European Com-mission announced details of a voluntary deal with the Feder-ation of European Aerosol Manufacturers to cut back the use of chlorofluorocarbons

(CFCs) in aerosol cans. CFCs are the gases blamed for the thinning of the atmo-sphere's ozone layer and for contributing to the warming up of the earth's temperature, the so-called "greenhouse effect." The prohlem of CFCs was targeted in 1988 in the United

Nations inspired Montreal Pro-tocol, which committed signatories to a 50 per cent cutback in production by the end of the century. Earlier this year, European Community aoviron-ment Ministers took a tougher

WEST Germany and Britain

last night said the European Commission's latest attempt to

resolve the deadlock over its controversial EC merger con-

trol regulation was a step in the right direction - but still well short of their require-

They insisted that the Com-

mission should increase dra-

matically the Ecn 2bn (\$2.204bn) which it is now pro-

posing as the level of combined turnover at which cross-border

mergers should be forced to

seek advance clearance from

the Brussels authorities.

France and Spain also wanted

a higher turnover threshold, while Belgium, Portugal,

Greece, Luxembourg and Italy wanted the Commission to introduce a lower sales limit.

first response to a new version of the plan, tabled earlier this

month hy Sir Leon Brittan,

competition Commissioner. It

confirms that member states

are still a long way from sum-

moning the unanimous accord

needed to allow the scheme to

take effect, though some Com-mission officials said an accord

Yesterday's meeting was the

ments.

cross-border television By William Dawkins in Luxembourg THE European Community ine by undertaking to ensure a yesterday approved common rules for cross-frontier television despite strong objections from West Germany, total ban by the year 2,000. The use of CFCs in aerosols accounts for about 45 per cent of total use throughout the Community. As a result, yes-

. . .

Denmark and Belgium. Broadcasters will be guaranteed free cross-border terday's agreement with the industry that the use in aeroindustry that the use in aero-sols will be reduced by 90 per cent by the end of 1990 goes further than the overall 20 per cent reduction demanded by the Montreal Protocol by 1993. The aerosol makers' cutback transmission provided they observe minimum advertising and moral standards and carry and moral standards and carry a majority of EC-made programmes where practicable. The schema is of great importance to the growing number of satellite and cable television channels emerging will be achieved on the basis of the 1976 figure of just over 200 tonnes for such uses, but aero-

across Europe. The Commission package, sols used in pharmaceuticals and electronics and some speciagreed at yesterday's meeting of EC trada and industry ministers, has to be endorsed by the European Parliament, and will come into effect in alised industrial uses will be

mid-1991. But the Danish Government vesterday warned that it would ignore the rules and hlock any foreign hroadcast that offended national tastes. The rules are broadly in line

with regulations about to be sgreed by the 22 members of the Council of Europe, the

international political and human rights body, of which comhined turnovers of more Denmark is also a member. than Ecu5hn - falling to Ecu2hn at the end of 1992 Mr Niels Wilhjelm, the Danish Industry Minister, said - should seek advance clear-ance from the Commission's Copenhagen would not change its own stringent television rules in line with the directive. Denmark argues that the EC

This compares with the pre-vious plan for an Eculin threshold, but is still a long has no power over cultural affairs and wants the right to block programmes that might harm children. Mr Wilhjelm warned that way short of the Eculobn joint sales limit sought by the UK and the Ecu5bn wanted West Germany, the scheme's main sceptics. They also want an increase in the lower turnover Denmark would later invoke

its veto - allowed if a Community Government feels a vital national interest is threatened - if its refusal to observe the hroadcasting directive was challenged in the European Court of Justice. That tactic would not work after the directive's adoption, argued some national officials

thirds of the partners' joint Mr Dieter von Würzen, Bonn's State Economics Secretary, also objected, on the sales come from one EC country, as against three quarters in the earlier versions. grounds that West German To end any confusion over

regional governments could not accept this BC encroachment on their responsibility for cultural policy. Beigum could get no To end any confusion over the division of anti-trust power between the Commission and national merger control authorities, Sir Leon has suggested that national law only will apply to deals below the threshold. These, he pro-poses, should not be covered by any of the EC's competition rules. support for its wish to charge levies on foreign programmes to help fund regional television. But Bonn and Brussels hoth intend to observe the rules.

The move from Bavaria immediately soured the mood of harmony in which Mr Kohl yesterday tried to present his government reshuffle, which enhances the role in the cabi-net of the Bavarian conservative party. Mr Kohl refused yesterday in

By David Marsh in Bonn

planned nuclear reprocessing

complex at Wackersdorf in

The row emerged in a letter

from Mr Max Streibl, the Bavarian Prime Minister, to

Chancellor Helmut Kohi asking him to stand firmly behind

The venture, heavily con-tested by atomic energy oppo-nents, is a highly symbolic part of West Germany's nuclear power programme.

eastern Bavaria.

the Wackersdorf proje

Bonn to rule out whether Wackersdorf would he aban-

doned or modified in the light SERIOUS strain within the West German coalition came to the surface last night ovar of a French offer of enhanced bilateral co-operation in reprocessing. Bonn's proposals to discuss with France a possible alterna-tive to the Federal Republic's

Kohl spirit of harmony after reshuffle soured by Wackersdorf

Nuclear issue puts stress on Bonn

He spoke of a "new situation." Bonn and Paris would set up a study group to exam-ine whether West German electrical utilities could make more use of spare reprocessing capacity at the French repro-cessing plant at La Hague on the Normany coast. Mr Kohl and President Fran-

cois Mitterrand are due to hold "initial discussions" on the idea next week in Paris during the six monthly Franco-Ger-man summit, officials said.

They said an eventual decision on whether to change the Wackersdorf plans might take wackersdorf is designed to separate into plutonium and

re-usable uranium 350 tonnes per year of spent fuel from nuclear power stations from 1995-96 onwards.

Total building costs of the plant, which has been backed

Yugoslav inflation continues to rise

by both the present and previous Bonn governments, are put at around DM10bn (\$5.32bn), of which DM2.5hn has already

been spent. Mr Kohl yesterday refused to admit that he had become ment's next test at the European elections in June. more sceptical about Wackersdorf. said the Government. He

stood by the principle of repro-cessing spent fuel, hat left, pointedly open whether this would take place in France or next general election in Decem-ber, 1990. West Germs

Mr Streibl's letter to Mr Kohl expresses Bavaria's anger over an agreement between Veba, the giant West German cheminuclear energy strategy, which could also be designed to stem the tide of anti-nuclear voters cal and energy conglomerate, to negotiate cooperation with Cogema, tha French state owned nuclear fuel company. Mr Streibl said that the switching to opposition parties.

Yesterday, although officials could not confirm details of the moves planned. Mr Alfred Dregger, leader of the conser-vative Parliamentary grouping in the Bundestag, said the changes to would be a "good solution." Bavarian state government had taken over responsibility for the controversial project as part of a national strategy for dealing with spent nuclear

Mr Kohl's reshuffle is

Swiss rates rise on worries about franc designed to improve the cen tre-right Government's for tunes, after a string of regional election setbacks. Altering the Cabinet line-up, however, just two months before the Govern-By William Dullforce in

Geneva

THE SWISS National Bank yesterday raised its discount and Lombard rates, after bank-ers and conomists had begun amounts to a clear gamble. The amounts to a clear gample. The moves add up to the Chancel-lor's last significant chance to reshape his team before the run-up begins in earnest to the. to voice growing concern about the depreciation of the Swiss. franc. From today the discount rate increases from 4 to 4% per cent; the Lombard by 1 point to The changes look likely to be accompanied hy a decisive shift in West Germany's

7 per cent. The bank said its move emphasised its determination to continue "a stability-ori-ented policy". It signalled a tighter monetary policy last December, when it set a 2 per cent target for the growth in the monetary base (MO) in 1969. However, signs of overheat-

ing and some acceleration in inflation stimulated worries inflation stimulated worries about price stability. In March the consumer price index hit an annual growth rate of 2.3 per cent and forecasters have been taiking of a rise of 3 per cent or more this year. The index rose hy only 1.9 per cent in 1988 and 1.4 per cent in 1987. During the first quarter the franc fell by 10 per cent against the dollar and by 3.4 per cent against the D-Mark Acceleration of the trend this week led the Union Bank of Switzerland to describe the franc as "a crippled currency"

Hard currency imports stood at \$2,533m, or 24 per cent more, and imports from industria-lised countries stood at franc as "a crippled currency" and to criticise the national bank for not following its state-

\$1,780m, or 16.9 per cent more. Tourism had a good start. In the first two months the numment of intent with action. The national bank linked its ber of foreign tourists went up rates increase with "develop-ments in the money market" where the three-month Eurof by 6.4 per cent, and the num-her of overnight staya increased by 8.3 per cent. For-eign exchange earnings increased by 30 per cent. ranc interest rate had climbed from 5% per cent at the end of March to 6% yesterday. Within an honr of the

announcement the franc had hardened from 0.8865 to 0.8766 against the D-Mark.

FINANCIAL TIMES

By William Dawkins

EUROPEAN governments were yesterday near agreement on three proposals to ease three curbs on cross-border trade, but were stuck on plans to grant students minimum

. .

rights to live abroad in the EC. A meeting of trade and industry ministers was on the verge of giving the green light to Commission proposals to set minimum standards for the amount of financial information to be provided by com-pany branches based in EC countries away from their head offices. Such information would be

lodged with company regis-tries, so as to provide some protection for customers and

. . .

Ministers also agreed two other proposals - a require-ment for trucks to carry sideguards to protect cyclists and pedestrians - and a routine updating of the EC'a list of dangerous substances required to carry warning labels.

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فتتتع مدند

By Aleksandar Lebl in Belgrade YUGOSLAVIA'S economic YUGOSLAVIA'S economic performance in the first quar-ter of 1989 was comparatively good with regard to the exter-nal sector and industrial pro-duction. However, inflation was higher than ever, despite efforts to stem it,

Industrial output went up by 2.5 per cent compared with the sama period of 1988. With oscil-lations, it has been increasing since last December, hut for

Kosovo makes up less than 2 per cent of the Yugoslav total. Retail prices increased by

Ireland's third television channel wins approval By Raymond Snoddy

IRELAND'S Independent Radio and Television Commission yesterday gave the go-ahead for a new third television channel TV3, based on cable net-works and local microwave

transmission. The Commission awarded The Commission awarded the franchise to the only con-sortium to apply, the Windmill Hill Consortium. The group - formed hy four Irish promot-ers, Mr James Morris, Mr John Kelleher, Mr Ossie Kilkenny and Mr Paul McGuinness, man-ager of the U2 pop group - has the financial backing of the Smurfitt group, Ireland's larg-

year ending in March, inflation the whole of 1988 it fell by 0.7 per cent compared with 1987. Political unrest and strikes in the province of Kosovo did not influence national results, although industrial output in the province fell 4.7 per cent.

66.2 per cent in the first quar-ter this year, or at an annual-ised rate of 763 per cent. In the

est company. Two ITV companies from the UK, TVS Entertainment and Ulster Television are also

involved in the project. TV3, which will be financed by advertising, will involve an investment of around £20m and hopes to hegin broadcasting

next spring. At first it will be mostly based on the large cable televi-sion networks of Dublin and Cork although the aim is to be a national channel through the local microwave television (MMDS) the hish Government is planning.

was at 497.5 per cent. Total exports in the first three months of 1989 were worth \$2,900m, or 1.6 per cent more than the first quarter of 1988. Total imports were worth \$3,092m, or 11.1 per cent more. Hard currency exports earned \$2,264m, and exports to Industrialised countries \$1,630m, 2.9 per cent and 2.4 per cent more respectively.

Agreement close on curbs to cross-border trade

suppliers unsure of foreign companies' stability. West Germany provided the main opposition, arguing that the plan was too bureaucratic, but officials said agreement was possi-

was still possibly by June. Brussels is proposing that cross horder mergers with

The agreement provides for the labelling of those aerosol cans that will continua to con-tain CFCs with the label: "Con-tains CFC which damages ozone." **UK**, West Germany cool over EC mergers plan By William Dawkins in Luxembourg

exempted.

anti-trust department.

threshold of Ecul00m for the

smaller partner in a merger, below which deals need not be

Sir Leon has suggested that

mergers should not have to

seek advance Commission clearance if more than two

notified.

NAL ABBEY NATI FTS THF V

'... an overwhelming vote of confidence in our plans to meet the challenge of the future by giving customers more and better services."

Sir Campbell Adamson, Chairman

Total savers voting	2,870,000
% in favour of conversion	89.5
Total borrowers voting	676,000
% in favour of conversion	90.7

The Building Societies Commission has been asked to confirm conversion, and a decision is expected in May. If confirmed then, the flotation process is planned to start in june when eligible members will be sent a prospectus and application forms to buy new shares. On flotation, these members will also receive their free shares.

Confirmation Hearing BUILDING SOCIETIES ACT 1986

ABBEY NATIONAL BUILDING SOCIETY CONVERSION TO PLC

Notice is hereby given that Abbey National Building Society has applied to the Building Societies Comm under section 95 of the Act, the transfer of its business to Abbey National pic and the terms of the transfer. Any interested party has the right to make written or oral representation tions, or both, to the Commission with respect to this application.

Writzen representations must reach the Commission by 12 noon on 2 May 1989.

Written notice al intention to make oral representations must also reach the Comon by 12 noon on 2 May 1989. The Commission intends to hear oral representations on 17 May 1989, and will advise intending participants of the time and place.

The Act provides that the Commission must confirm a transfer unless it considers that:

tion material to the members' decision about the transfer was not made available to all the members a) some info eligible to vote: or.

b) the yote on any resolution approving the transfer does not represent the views of the members eligible to yote; or,

c) there is a substantial risk that the successor company will not be authorised under the Banking Act 1987; or.

me relevant requirement of the Act or the rules of the Society was not fulfilled đ

The address of the Building Societies Commission is 15 Great Mariborough Streat, London W1V 2AX 👘 14th April 1989

Abbey National Building Society is regulated in the conduct of





S.p.A. - Registered Office: Via Pola no. 14 - 20124 Milan Share Capital LL 300.000.000 fully paid up - Milan Court, Companies Registry No. 12857 - Fiscal Code no. 00855060157

PAYMENT OF DIVIDEND FOR FISCAL YEAR 1988

We inform that the General Shareholdars Meeting held on April 13, 1989 resolved the payment of a dividend, subject to withholding tax under the existing laws, of Lit. 50 for each ordinary share and Lit. 70 for each savings share.

The above-mentioned dividend will be payable from April 14, 1989 upon detachment from the share certificates of coupon no. 7 of Lit. 1,000 for ordinary shares and of coupon no. 5 for savings shares, and will be cashed at the company's main office or the depositary banks listed below:

Banca Commerciale Italiana, Banca Nazio-nale dell'Agricoltura, Banca Nazionale del Lavoro, Banca Popolare di Bergamo, Banca Popolare di Milano, Banca Popolare di Novara, Banco di Napoli, Banco di Roma, Banco Lariano, Cassa di Risparmio delle Provincie Lombarde, Credito Italiano, Credito Romagnolo, Credito Varesino, Istituto Bancario Italiano, Istituto Bancario San Paolo di Torino, Monte dei Paschi di Siena, Monte Titoli (for shares in their charge), Nuovo Banco Ambrosiano.

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NAUTA VAN HAERSOLTE

Advocates and Civil Law Notaries Amsterdam, Rotterdam, Brussels, Singapore, Jakarta and Beijing and P.M. van der Laan P.H.M. Gerver (Van der Laan & Gerver), **Civil Law Notaries in Amsterdam** and LJWM. Schroeder C.P. Boodt (Schroeder & Boodt) Civil Law Notaries in Amsterdam have pleasure in announcing the merger of their firms effective. January 1, 1989. They will continue to practise under the name Neuta Van Haersolte. For the time being the respective Amsterdam offices will continue to be located at the present addresses:

Keizersgracht 384, 1016 GB Amsterdam (Nauta Van Haersotte) tel.: 020-5503636

Keizersgracht 443, 1017 DJ Amsterdam (Van der Laan & Gerver) tel: 020-247464

Concertgebouwplein 10, 1071 LN Amsterdam (Schroeder & Boodi) tel: 020-799182

to subscribe up	Warranis to \$12,985,000,000 for shares of common stock of
	IAN OIL CO., LTD.
NOTICE TO	O THE WARRANTHOLDERS
Pursuant to Clauses 4(A)	and (B) of the Instrument relating to the above-captioned of the Terrus and Conditions of the Waxrauts, notice is hereby
issue 490,964 addition	tion of the general meeting of shareholders of Arabian Oil Company") held on 30th March, 1989, the Company shall al shares of its common stock at the issue price of 4500 per 989, Tokyo time (the "Issue Date").
2. As a result of such issu Terms and Conditions ment on the Issue Date	the Subscription Price (defined in Condition 2(A) of the of the Warrants, presently equal to 16,612) is due for adjust- e pursuant to Clause 3(vi) of the instrument and Condition Conditions of the Warrants,
3. Notice of an adjusted !	Subscription Price will be given upon determination thereof.
14th April, 1989	ARABIAN OIL CO., LTD. 2-3, Marunouchi 3-chouse, Chiyoda-ku, Tokyo, Japan

EUROPEAN NEWS

Knives flash in Hungarian party

By Leslie Colitt

Swiss rate

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PERSONAL rivalries played a key role in the ousting of four members of the Hungarian polithuro earlier this week. polithuro earlier this week. "Subjective reasons" were as important as political ones, Dr Istvan Degen, a spokeaman for the Communist party central committee said. The removal of Mr Janos Bercz, the chief ideologist, was not, as widely assumed, a triamph for reformers nyer.

Berecz, the chief ideologist, was not, as widely assumed, a triumph for reformers over conservatives in the leader. ship, he said. The politburo reshuffle did not take place because of opposition to the reforms within the leadership. By "subjective reasons", Dr Degen meant the deep per-

sonal animosities aroused by Mr Berecz within the central ago he was regarded by many as a reform-minded academic and a leading rival of Mr Karoly Grosz, a conservative, party leadership from Mr Janos Kadar. Mr Grosz, however, allied himself with radical reformers in the party who mistrusted Mr Berecz's ideological approach to politics and appro-ciated Mr Grosz's pragmatism.

"social democrat and reform communist" nutlook. This appeared to place him firmly on the side of the radical

But it was too late. His many opponents in the central committee had whetted their knives and struck at Wednes-day's closed session.

Mr Janos Lukacs, the Cen-Mr Jenos Lakacs, the Cen-tral Committee Secretary for Party Policy, who was also onsted, faithfully carried out its reformist policies but clearly did not have his heart in the splitting of the party into reformist, conservative and cantrist wings.

The two others removed, Ms Judit Csehak and Mr Isivan Szabo, were widely regarded as superfluous rather than being opponents of reforms.

Hungarians wary of another false dawn Leslie Colitt reports on public scepticism about political reform

MURAL in the lobby of the "White House," as the building of the cen-tral communist party is known locally, is one of the few remaining Stalinist relics in the sprawling building on Budapest's Danube embankment

embankment. Workers, peasants and intelligentsia are pictured listening with rapt attention to a party bureancrat seated at a desk before them. By contrast, Hungarians today make no attempt to hide their scepticism when party reformers speak of the coming dawn of social democracy and the

multi-party system. "People feel something historical is happening but do not dare to believe," says Ms Györgyi Kocsis, an editor of the leading opposition economic and political weekly HVG.

A year ago, few citizens would have dreamt that the media would be debating a future neutral status for the nation. Nor did they imagine that Mr Janos Kadar, ousted last May as party leader would so soon be disgraced. Having first been blamed for the nation's political and eco-nomic malaise, he is now held responsible for helping Soviet tanks to crush the 1956.

Hungarian uprising. While living standards crumble, party leaders fervently extol the virtues of private enterprise. But private entrepreneurs, uncertain about the future, are interested mainly in quick profits. They indulge in manily in quick profits. They indulge in Western cars, houses and artworks but shy from investing in their own compa-nies.Consequently, the private sector — whose share of gross national product is more than 30 per cent including small plot farming — is stagnating. Mr Marton Tardos, an economist respected by both the Government and opposition, noted that no one in Hungary was actually for radical economic "dena-

system. Economic reforms are now linked in the popular mind with 17 per cent infla-tion and falling real wages since 1982. While many people compensate by taking on extra jobs, this is difficult for industrial

on extra jobs, this is difficult for industrial workers. Hungarians may still enjoy greater vari-ety in their shops than other East Europe-ans but personal computers and boutique fashions are irrelevant for the nearly one quarter of the population eaking out an existence below the poverty line.

Managers of monopolistic state-owned companies remain immune as ever from sures of the market-place or threats of bankruptcy. The much-touted bankruptcy law is not being applied because the Gov-ernment fears the consequences of unem-ployment. Direct subsidies have been cut but inefficient companies keep themselves afloat by charging higher prices based on bloated costs.

At the same time, the new commercial At the same time, the new commercial banking system does not have enough money to allocate to efficient companes. Even worse, the bank directors, like com-pany managers, are political appointees of the party. A Hungarian central banker summed up the dilemma by noting that as long as the Government was controlled by the party and not Parliament, it lacked the "legitimate power" to close loss making companies.

Desperate to obtain this legitimacy, the leadership is being pushed by its radical reform wing under Mr Imre Pozsgay to Tarming — is stagnating. Mr Marton Tardos, an economist respected by both the Government and opposition, noted that no one in Hungary was actually for radical economic "dena-tionalisation" and the market economy, although the party claims that it is. "Western bankers like to hear this thet

"deprived of the power to rule" if it lost, would take place later, possibly in 1995. The leadership'a strategy is to spread power among reliable allies in order to forestall the total loss of power. As wide a \$3.2bn.

coalition as possible is to be forged among the new political groups which are to be transformed later this year into fully-

At this early stage, though, the proto-parties are still largely shells without con-tant or effective leadership. They arouse as little popular enthusiasm as the party itself. The spectacle of two 80-year-olds heading the superacted Social Demonst heading the resurrected Social Democrat (SDP) and the Small Landowner's parties inspires little confidence among potential. voters.

r Mihaly Bihari, a political scien-tist expelled from the party along with three others a year ago for his reformist views, believes the radical reformers will sooner or later have to split off from the rest of the party consisting of conservatives and the centrists under Mr Karoly Grosz, the leader. The natural ally of the ultra reformers he suggests would be a revitalised SDP.

In the present maze of parties only two, the SDP and the Small Landowner's party (which were the largest before the Com-munist takeover in 1948) are leaning towards a coalition with the Communists. Other political groups are still keeping their distance.

Some Hungarians, however, are con-cerned that any formal or tacit alliance of "elites" between the party, intelligentsia, professional people and management, will leave out ordinary Hungarians who have traditionally been excluded from politics. They warn that the consequences for polit-ical stability could be devastating.

As in Poland, the Hungarian leadership's nightmare is that economic austerity may end in a popular "explosion" against the regime.

••••

Romania's hard currency

debt repaid By Judy Dempsey in Vienna.

ROMANIA'S hard currency debt, which during the early 1980s was one of the highest in Esstern Europe, has been com-pletely repaid, according to an official Romanian communiqué. Western bankers yesterday

confirmed that the outstanding loans to the commercial banks had been paid but they could not confirm that loans to offi-cial institutions had yet been paid. We had been expecting the total debt to be regaid by next August," bankers said. By the end of 1988, the coun-try's net debt totalled \$1.7bn and its gross debt stood at

Red Army However, bankers added that the breakneck speed in which the debt repayments have been Faction tackled has seriously under mined the economy's infra-structure. The announcement hits fresh was made by Mr Nicolae Ceau-sescu, the Romanian President, targets during a meeting earlier this week of the party's central By David Goodhart committee.

"I wish to inform the plenary SYMPATHISERS of jailed meeting, the party and our peo-pla", be said, "that at the end leftwing guerrillas on bunger strike firebombed an office in of March, Romania fully paid back its foreign debt. This is the outstanding result of our people's work devoted to the Hamburg yesterday to support their campaign for political prisoner status. Bnt West German Chancelcountry's socio-economic devellor Helmut Kohl vowed not to opment.

give in the guerrillas' demands to be held together in Mr Ceausescu took personal responsibility for reducing the debt, which, in 1981, exceeded prison. "There can be nn question that I permit the state to be blackmailed," he told a \$10bn, on the grounds that he wished to decrease the coun-try's dependence on Western financial institutions. In addinews conference. Police said Red Army Faction sympathisers smashed the office door of the West Gertion, he was unwilling to nego-tiste any loans linked to his man Employers' Association in

human rights record, one of the worst in Eastern Europe. For the past year, the popu-lation has been deprived of Hamburg and threw two fire bombs in. On Wednesday masked youths broke into the Frank-furt Stock Exchange and basic food products, industry has been starved of capital investments, and enterprises have lacked the most basic hurled firebumbs into the main trading hall; three were arrested. The RAF, the West Germany

imports of spare parts. Imports from OECD countries decreased from \$3.7bn in 1980 to less than \$1.2bn in 1987. At the same time, penalties were imposed on enterprises which did not most their terrorist group responsible for the deaths of several public figures in the 1970s, is once more causing political anxiety thanks to a highly effective prison hunger strike which has now been joined by 33 out of a total of 0 PAF prisoners which did not meet their export quotas, even though many had to work with an irregular flow of spare parts. of a total of 49 RAF prisoners.

Solidarity files for legality

SENIOR Solidarity advisers filed a formal application for registration of the union in a Warsaw court yesterday saywarsaw court yesterday say-ing they expected quick approval nf the Independent union, AP reports. The application follows

agreement earlier this mouth at round-table talks between

at round-table talks between the Communist authorities and the opposition to restore the union's legal status and to hold partially free elections to Parliament in June. Mr Tadensz Mazowiecki (seen nn the right of the pic-ture building the application with other Solidarity leaders), said: "We bupe registration will take place in a few days. will take place in a few days, that the factory and local commissions will be able to organ-ise without further obstacles, and that Solidarity will return to life as a powerful union."

nomic Co-operation and Devel-

opment predicts 2.5 per cent growth in GDP for 1939 and

The Central Plan Bureau

purchasing power and employ-ment but will taper off to 3 per

Large tax cuts in 1990 will not immediately prompt con-sumers to spend significantly

Unemployment is seen drop-ping from 435,000 in 1988 th

420,000 this year and 405,000 next year. The balance of pay-ments surplus is expected to

narrow sharply from F110.7bn (\$5.05bn)last year to F17bn in 1989 bnt widen to F18bn in

The Plan Bureau warns of

distinct risks to the Dutch

economy, which could scale back the forecasts, because it is heavily influenced by inter-

national developments, notably

more, the bureau explains.

1990.

in 1990.

1990.

Growth of Dutch economy to 'slow'

By Laura Raun in Amsterdam

DUTCH economic growth will double to 4 per cent this year from 1988 but will slow to 3 per cent next year, according to the semi-government Central Plan Bureau.

predicts that Dutch exports Exports and investments will will climb 6 per cent this year, slipping to 5.5 per cent in 1990. Meanwhile business investfuel gross national product this year while exports and consumer spending will take over as the motors in 1989, the ment will surge 9.25 per cent in 1989, buoyed by aircraft pur-chases, but plunge to 2 per bureau announced. Inflation should stabilise at a cent in the year after. Consumer spending will rise by 3.5 per cent on improved

modest 1.5 per cent this year and next, and unemployment is seen falling moderately. The bureau's forecast is significantly more optimistic than other recently published fig-ures and must be seen against the background of general elec-

tions in 1990. An annual economic outlook normally is released in the spring but both 1989 and 1990 are addressed this time to shed light on the economy and government finances during the

cabinet's last two years. The European Commission believes the Netherlands' gross domestic product will expand to 3.25 per cent in 1969. This expansion would be faster than the European Commu-nity average of 3 per cent, but is forecast to slow to 2.25 per cent next year.

ent next year. The Organisation for Eco-slow world trade, high infla-tion and firmer interest rates.





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EUROPEAN NEWS

Georgia's week of turmoil still has long way to run

T HAS been a long week in Georgia, but it is not over yet. Today is the much heralded date for a nationalist rally in Tbilisi. It has been called to mark the anniversary of a demonstration held in 1978 to protest at plans then afoot to make Russian an official language in the republic alongside Georgian.

The week has already been eventful. At least 19 people were killed in riots in Tbilisi last weekend. More demonstrations followed on Monday, with troops firing shots to disperse the crowds. By Wednesday, Mr Dzhumber Patiashvili, Party chief of the republic, offered his resignation. That same day, Mr Gorbachev, the Soviet leader, appealed for calm.

The authorities must fear that the public will not beed Mr Gorbachev's warning. Despite this week's violence,

Dissidents will hold a nationalist rally in Thilisi today if they can, writes James Blitz

and the imprisonment of many key dissident activists, some people will undeniably want to

march today. There is one man for whom today is filled with irony. On this day 11 years ago, Mr Eduard Shevardnadze, then the Georgian Party First Secretary, walked out of the Central Com-mittee building in Tbilisi to hear the demands of thousands of student demonstrators.

Mr Shevardnadze flew to Moscow at once and persnaded the Brezhnev leadership that Russian should not become an official language in his repub-

This week. Mr Shevardnadze, putting aside his role as Soviet Foreign Minister, is back trying to mollify the dem-onstrators again. He is perhaps the only man who can. Mr Shevardnadze is immensely respected in his home republic and there have been reports that crowds have given him an enthusiastic reception in Tbl-

The local people remember that, as First Secretary, he was an early exponent of the enlightenment later dubbed "perestroika". In his 13 years at the top in Georgia, he stamped out much official corruption and introduced e limited number of Gorbachev-style reforms.

But since leaving for the For-eign Ministry in Moscow in 1985, Mr Shevardnadze must have been dismayed to see his reforming work overturned by the more orthodox Mr Patiashvill. As First Secretary. Mr Patiashvili backtracked from his predecessor's economic reforms and engaged in almost no dialogue with the dissident nationalists.

Mr Patiashvili's concerva-tism reached new heights in last month's elections to the new Congress of People's Depu-ties. Unlike the Moscow polls, the elections in Georgia were fixed from the start.

The bloody outcome to last weekend's events may have provided the Kremlin with the opportunity to achieve a long-held ambition: the removal of a Georgian First Secretary not toeing the perestroika line. His resignation will almost certainly be granted. Mr Patiashvili's departure

now is essential because he has clearly lost his grip on the pub-lic mood. There have been five demonstrations in Tbilisi in five months, some attended by as many as 200,000 people.

At a time when nationalist groups are clamouring for sov-ereignty in the Baltics and Armenia, the heady nationalist Tokyo. Armenia, the heady nationalist atmosphere is inevitable in a republic like Georgia. Patiash-vili's orthodox leadership added to popular dissatisfac-tion. Georgians have been unhappily measuring the dif-ference between the more enlightened government in Moscow and their orthodox local party.

Forty police entered the Northwest Airlines aircraft

But the independent groups are not fully able to harness the popular feeling because there are many of them and their policies are divided. They among conservatives in South

charged under the national security law with making an all want different degrees of illegal trip to an "anti-state

sovereignty for Georgia. The one thing that unites the activists is that they tell you not to speak to the other activists. The result of all this is that the groups cannot sap the Party's authority as the united People's Front does in the Baltic states.

That should comfort Mr Shevardnadze as he tries to restore order. What will not comfort him is the determination of the leading dissidents to demonstrate if they can.



Rev Moon: arrested after flying in from Tokyo

Rev Moon held after visit to North Korea

By Maggle Ford in Seoul

A PROTESTANT minister who made an unauthorised visit to communist North Korea was arrested hy police in Seoul yesterday after flying in from

Riot police sealed off the roads to the airport to prevent students gathering to support the Rev Moon Ik Hwan, 71. Thousands demonstrated at universities nationwide against his arrest.

immediately after it landed and arrested Mr Moon. His visit caused uproar

(formerly the Korean CIA). He spent many years in jail during his fight against two succeeding dictatorial régimes in South Korea. Before his arrest yesterday, he said he hoped his visit would enable people in South Korea to take a different attitude towards the different attitude towards the north, breaking down barriers between the two sides. Korea when it was announced at Easter. Mr Moon is expected to be

Mr Moon's visit followed that of Mr Chung Ju Yung, founder of the Hyundai business group, who went to Pyon-gyang in January. gronp" (North Korea), with

US to resume aid to Cairo

IsraeL

praising that country and its leader, President Kim II Sung, and with holding meetings with northern officials. The

law prescribes a maximum penalty of death and a mini-

mum of five years' jail. Mr Moon has been handed into the custody of the Agency for National Security Planning (formerly the Korean CIA).

By Tony Walker In Cairo

per cent was the key to a US

agreement to release about \$230m in a cash grant and to

increase several other catego-ries of aid to help the hard-

The disbursement of this aid

had been held up because of

displeasure at the slow pace of

The US, anxious to bolster Egypt at a sensitive moment in the search for Middle East peace, has indicated that it will resume disbursing aid. Cairo's nndertaking to increase energy prices to industry by 30 per cent to 40

pressed Egyptians.

year.

foreign exchange squeeze. The US decision to release the cash aid and to offer extra help followed a visit to Wash-ington earlier this month by President Hosni Mubarak who argued strongly for greater assistance. The US has been providing Egypt with \$2.3bn in civil and military aid annually, making it the American's sec-

energy prices. The Egyptian government, which is highly sensitive to public criticism about price rises, is following its normal pattern of not announcing the energy price increases. Com-**By Victor Mallet** IRANIAN · Revolutionary raided the house of Hadi Hash-IRANIAN Revolutionary radied the house of Hadi Hash-Guards have arrested the son emi, Montazeri's son-in-law, and son-in-law of Ayatollah and detained him and Monta-Hossein, Ali, Montazeri, the zeri's son. Saeed, amid apecula-man forced to resign last tion that they might have been month-as-successor to Ayatol- involved in the Najafabad.pro-lah Ruhollah Khomeini. tests. The Guards were said to . The armster superstale by the bare bactan up the overnents energy price increases. Con-firming the decision to raise energy prices to industry, Egyptian officials insist it will not affect the poor. The arrests, reported by the - have beaten up the occupants

OVERSEAS NEWS

Japanese

falls 10%

By lan Rodger in Tokyo JAPAN'S merchandise trade

surplus in March ensed 10 per cent to \$6.7bn (£3.9bn) com-

pared with the same month last year, but the surplus with the US widened substantially, reaching \$4.1bn, 21 per cent higher than in March 1988. Analysts in Tokyo suspected

the figures would add to grow-

ing feelings of resentment in

Washington and increase the likelihood Tokyo would be sin-

likelihood Tokyo would be sin-gled out for investigation under the Super 301 clauses of last year's Trade Act. Exports to the US rose 21.6 per cent to \$3.7bn. Imports grew hy a healthy 22 per cent to \$4.6bn, partly because of the opening of some Japanese food product markets in the past year, but it was not enough to reverse the widening trend.

reverse the widening trend. On the other hand, the sur-

plns with the European Com-munity dropped 12 per cent to \$1.7bn.

Imports from the EC surged 34.2 per cent to \$2.9hn as European luxury car makers built np stocks in Japan in advance of hig tax reductions

on April 1. Japan's total exports in March rose 16.9 per cent to \$26.5hn while imports rose 29.8 per cent to \$19.8hn. On a

seasonally-adjusted basis, the March surplus tumbled by a third to \$5.6bn from February.

Bnt economists donbted this

indicated a resumption of a trend of declining surpluses.

large aircraft imports and by big swings in oil import vol-

umes and prices. For the full fiscal year to March 31, 1989, the trada sur-

basis totalled \$79bn, up 4 per cent from the previous fiscal

Mr David Pike of UBS

Phillips and Drew said it suggested the ont-turn on a

halance of payments basis would be about \$93bn, far above Tokyo's initial forecast.

The figures are distorted by

trade

surplus

Takeshita comes under fresh pressure to end Recruit crisis

By Stefan Wagstyl in Tokyo.

MR Noboru Takeshita, the Japanese Prime Minister, wasyesterday put under fresh pres-sure by members of his own party to defuse the crisis caused by the Recruit scandal. caused by the Recript scandal. Thirty-six junior members of the Diet (Parliament) belong-ing to the roling Liberal Dem-ocratic Party formed a new grouping called the Liberal Reform League, aimed at try-ing to restore popular confi-dence in the narty

ing to restore popular confi-dence in the party. The members said they wanted senior party figures alleged to be involved in the Recruit affair to come clean by giving evidence before the Diet.

Diet. Their message is directed principally at Mr Yasuhiro Nakasone, the former prime minister, who has disrupted Diet husiness by refusing to give evidence. Mr Takeshita submitted himself to question-

ing on Tuesday. The grouping drew support from members across all fac-tion are due to resign today for

tions of the party, including alleged peripheral involvement; seven from Mr. Nakasone's, 12- in the Recruit inancial scan-from that of Mr Shintaro Abe, dal dal. The three were colleagues of Mr Kunio Takaishi, the former education vice minister, who has been arrested on allega-tions of accepting hibes from Beauti the party's secretary-general, and eight from Mr Kiichi Miya-zawa's, the former finance minister.

ister. However, only two members came from the Takeshitz fac-tion, the largest - a strong sign that the cross-faction grouping still lacks real politi-cal muscle. Nevertheless, Mr Takeshitz invest for the strong the nons of accepting innos ital Recruit. Mr Takaishi allegediy turned a blind eye to complaints about Recruit's job-advertisment magazines. In return, he is said to have been offered an oppor-tunity to buy shares cheaply in Recruit. Cosmos, an affiliate of Recruit. and to have been

Takeshita cannot afford to ignore the young Dietmen'a message since it echoes the voice of popular opinion which wants an end to corruption in Recruit, and to have been entertained at Recruit's government.

The scandal erupted last year when it emerged that influential people, including politicians, had received finan-cial favours from Recruit, a publishing company, in the form of cut-price shares. In a further development, three senior officials at the

Akihito likely to visit Peking

expense. The three officials who are to leave the ministry today are accused of having accompanied Mr Takaishi on golf trips paid for by Recruit, and to a party. The three are Mr Moriyuki Kato, vice-minister for internal administration, and Mr Tailun ichi Furumura and Mr Taijun Saito, both bureau directors in the ministry.

FINANCIAL TIMES FRIDAY APRIL 14 1989

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By Robert Thomson in Peking JAPAN'S Emperor Akihito yesterday indicated he would accept an invitation from the Chinese Premier, Li Peng, for a history-making visit to Peking, while China volunteered to

Li Peng: assurances

before next year, as the Impe-rial family is mourning the late Emperor Hirohito. China's concern with

Japan's interpretation of its wartime aggression was reflected in Li's warning that the two countries must "deal

Renewed Beirut fighting raises toll to 200-

SYRIAN and Christian gumners battled across Beirut's dividing Green Line, blasting harbours and residential dis-tricts as Lebanon's civil war began its 15h year, AP reports-

The bombardment resumed amid efforts by a French envoy to finalise evacuation of

cautionsly" with historical problems. He praised Tokyo for clearing the path to better rela-tions with North Korea by apologising late last month for having colonised the Korean

A China visit is unlikely

Li and China's Foreign Min-ister, Qian Qichen, who are in Tokyo on a five-day visit, said they will pass on Japan's wishes to improve relations to North Korean officials, and were asked by Japanese offi-cials to mediate in disputes between Pyongyang and Tokyo. ernment, but would "like to The Chinese Premier hunched with Emperor Akihito, who was expected to express, albeit subtly, his concern 20

about Japanese actions during. World War IL After having been formally invited by Li to visit China, the Emperor said he would refer the matter to the Japanese gov-

by revolutionary guards

help Japan improve its trou-bled relations with North Li and China's Foreign Min-

eign annexer tok his hosts that further improvement in Sino-South Korean relations is unlikely in the short term, despite recent expansion of economic relations. At present, Peking, which fought alongside the Month during the Koney

the North during the Kotean War, has no diplomatic ties with Secul. Japanese officials have sought assurances that improv-ing Sino-Soviet relations will not compromise Sino-Japan relations. Apart from giving those assurances, Li, according

However, the Chinese For-

to Japanese officials, indicated support for Japan's claims to disputed northern islands at present occupied by the Soviet Montazeri's son arrested

invigorate local councils

Draft Soviet law aims to

local party.

By John Lloyd in Moscow

DECISIONS on two draft laws taken last night hy the Soviet polithuro show a concern to shift power from the party to the new parliament and local councils (soviets) at all levels. The official news agency

Tass reported that a draft law on local government and the local economy was aimed at "the further development of socialist democracy, restoration of full power to local soviets of people's deputies and enhancement of their role as representative bodies of state authority."

Local soviets have tended to become transmission belts for central or state decisions with for evidence of corruption and all matters of moment referred gross inefficiency.

to higher levels. The draft law - the provisions of which have not yet been published - may be aimed at invigorating their proceed-ings in preparation for the time, later this year, when they will be elected on a similar basis to that seen for the Supreme Soviet last month. A second law, on what is described as "workers control

over the functioning of enter-prises of trade, public catering and services appears aimed at giving legal basis to the practice initlated hy the trade unions last year of inspecting shops and distribution outlets Six Palestinians die in clash

Egypt's economic reform. But local bankers and econo-mists say the additional assis-tance will afford only limited relief for Egypt which is grappling with a range of problems from inflationary pressures to an acute shortage of

hard currency. A sharp depreciation in the value of the Egyptian pound by about 20 per cent against foreign currencies in the past month is attributable to the

By Hugh Carnegy in Jerusalem

Officials say that other meaond largest aid recipient after sures requested by Egypt's Western aid donors and inter-Apart from the agreement to

"unfreeze" the \$230m cash aid, which includes \$115m left over national lending institutions are in the pipeline and will be from fiscal 1988, the US has also offered Egypt an addi-tional \$150m in credits for agriannounced over the next few weeks. One of these steps is understood to involve moves to cultural purchases and an extra \$100m under the Comrestructure Egypt's inefficient public sector which accounts modity Import Programme to assist private sector businesses for about 70 per cent of indus-trial output. to import raw materials and The IMF and the World Bank

capital goods. The US will also begin dis-hursing \$330m which it has earmarked for assistance for have been engaged in difficult negotiations with Egypt on an enhanced reform programme. The energy prices rises will go some way towards satisfying the electricity sector. These funds have been held up pendconditions for further assis ing Egypt's agreement to raise tance.

opposition People's Mujahideen group and corroborated by other Iranians mark a worsening of the fends between different factions of the Iranian religious elite in the aftermath of the Gulf war and the Rushdie affair. Earlier this month the Mula-

Korea.

Tokyo.

hideen said a number of people were killed in clashes in the central town of Najafabad, Montazeri's home town, between his supporters and forces loyal to Khomeini.

Although the Iranian authorities have only hinted at the disturbances in their statethe weekly international edi-tion of the country's Kayhan in his letter to Montazeri newspaper. It said "some accepting his resignation. "T taken advantage of Montazeri" resignation to cause the riots. The Mujahideen said yester day that Revolutionary Guards opponents of the system".

of the house, including Hash-emi's wife, who is Montazeri's daughter. The Mujahideen also said hundreds of members of the security forces in Najafa-bad had been sacked, and some had been jailed.

Montazeri's position was undermined as early as 1986 by his close association with Hadreforms.

his close association with Had-i's brother Mehdi Hashemi, the man who first revealed the first Courts affair. Mehdi Hashemi fell foul of Iran's leadership for his over-enthusiastic attempts to export the hanian revolution, and he was executed in 1987 was executed in 1987.

did not believe them, and used

wounded Christians and Moslems to a French navy hospital ship. It also complicated the task of an Arab League mediation panel in Kuwait seeking to enforce a cease-fire and open the way for constitutional

Over four people were killed yesterday, raising the death toll to 200 since the latest fighting erupted on March 8.

Syria apologises

Syria has apologized to the Soviet Union for a helicopter rocket attack on two Soviet navy vessels and a preliminary investigation indicated pilot error, a Foreign Ministry spokesman said, AP reports from Moscow. The attack, which injured

seven Soviet crew members, took place on Tuesday near the Syrian port of Tartus.

African initiative

A new initiative to attempt to improve the often poor quality of management of companies in Africa was launched in Amsterdam yesterday, reports Stephen Fidler.

The African Management Services Company, or Amsco, is a co-operative effort between the International Finance Cor-poration, the private sector affiliate of the World Bank, in collaboration with the United Nations Development Programme, the African Develop-ment Bank and numerous private companies.

Amsco has fiscal immunity from the Dutch government for

10 years. Nurturing a profit motive in Africa, Page 26.

Brittan gives details of banking directive

By Tim Dickson in Strasbourg

THE EC banking directive piloted through the Commis-sion yesterday by Sir Leon Brittan, EC Competition Commissioner, has the following

main elements: • Requests for authorisation by non-EC banks will be notified to the Commission but there will be no automatic "suspension" of their licence by the EC. As originally drafted the plan stipulated that the Commission would apply a foreign reciprocity test to each future application by a foreign bank to establish or acquire a subsidiary in the Community. The Commission will examine and monitor how Community banks are treated in non-EC countries, with a first report on this question to be completed before the directive comes into effect. "In this way we can decide quickly when an outside application comes in whether it should be suspended. It will not be done on a case by case basis," the Commission said yesterday.

•As for the definition of reci-procity, the Commission only proposes to open negotiations where equivalent treatment is not granted. But "where it appears to the Commisslon...that credit institutions of the Community do not enjoy national treatment and the same competitive opportunities as domestic credit institutions

in a third country and that the condition of effective market areas access has not been secured the Commission may in addi-tion to the proposals for negotiation...decide that the compe-teut authorities of the member states shall limit or suspend their decision regarding requests for new autborisations and acquisitions by a par-ent undertaking governed by the third country in question." Sir Leon said the provision was not retrospective and could not be applied against

banks already established in the EC. He said a case of "effective" discrimination could be where "there was legally no discrimination but in practice there was some." The Commision later gave the example of a country which officially welcomed EC banks

but then said there was a long waiting list or could not provide enough telephone lines. Sir Leon said the modifications were designed to "simplify the directive, make it more flexible and refine the concept".

before it becomes EC law.

The Commission hopes the Council of Ministers can reach a so called "common position" on the newly amended direcprofit. tive by the end of June. The measure will then have to return to the European Parlia-ment for a "second reading"

AS MANY as six Palestinians were reported shot dead yesterlence in the intifada (uprising), creating a more favourable atmosphere for plans for day and 15 injured, several crit-ically, in one of the most serielections in the occupied territories announced in ous single incidents of the 16-month-old Palestinian upris-ing in the Israeli-occupied West Washington last week hy Mr Yitzhak Shamir, the Prime Minister.

and Gaza Strip. The shootings by paramili-tary border police in a village near Bethlehem sparked clashes with the security forces in surrounding West Bank areas

The incident climaxed an opsurge of violence which began last Friday when rioting broke out in Jerusalem's Old City after the first Friday prayers of the Moslem fasting month of Ramadan.

The week's events have wrecked hopes of the Israeli authorities that Ramadan would see a lessening of vio-

Mr Shamir returns to Israel today with little sign of any acceptance of his election pro-As he flies home, much attention will again be focused on Friday prayers in the Old City where security forces are hraced for a huge crowd of worshippers inevitably angered by waterday's shorting

worshippers inevitably angered by yesterday's shootings. Accounts of exactly what happened in the village of Nahalin differed. Local resi-dents named six people they said had been shot dead by border police, in a series of inci-

locals hy groups, some of whom were dressed in civilian Early Australia poll ruled clothes. But a statement by the army only confirmed four dead and 11 wounded. It said a high-level investigation had been launched but gave no further details.

dents including provocation of

Senior officers, clearly wor-ried by the way the security forces had handled the inci-dent, said that the shootings had arisen after security forces had been attacked by Palestin-ians in the village.

In Jerusalem during the week, a Palestinian was shot dead by a Jew, apparently in retaliation for the injuring of Jews praying at the Walling Wall during last Friday's riots in the Old City.

out after tax cut attack By Chris Sherwell in Sydney AUSTRALIA'S Labor government yesterday ruled out an election this year as the opposition attacked its tax cuts

his right of response to lam-bast their record. The government, he said, should have reduced governand pay rise package as "an exercise to divert attention ment spending, promoted savings, begun a comprehenfrom a collapsing economic strategy". Mr Bob Hawke, Prime Minissive privatisation programme, and removed telecommunica-

ter, and Mr Paul Keating, fed-eral Treasnrer, insisted tions barriers. Mr Keating's package will give A\$4.9bn cuts to all mar-Wednesday's package was not . geared to an election, due any time before mid-1990.

ginal tax rates, A\$710m in addi-tional welfare payouts, and 6.5 per cent pay rises in return for But Mr John Howard, oppo-sition leader, said Anstralians overhauled work practices.

Report accuses Zimbabwean ministers of corruption

By Tony Hawkins in Harare

A REPORT by a Zimbabwe government commission, pub-lished yesterday, presents Pres-ident Robert Mugabe with his greatest political challenge

since taking office in 1979. It accuses five government ministers and one provincial governor of abusing their privileges by using their official positions to obtain motor vehicles from a state-owned assembly plant, and then of reselling the vehicles at a vast

Toe Commission, chaired by Mr Justice Sandura, was appointed last year by President Mugabe to investigate allegations that government ministers had obtained motor

vehicles from the Willowvale assembly plant, then resold the cars at a profit in breach of the country's price control laws.

Hours after the report was released, a government spokes-man said the commission had been reappointed to investigate other alleged irregularities in the country's two other vehicle plants - the Dahmer Company which assembles trucks, and Leyland Zimbabwe, which

assembles cars and trucks. Mr Mugabe is scheduled to make a major address next week which, according to Mr Joshua Nkomo, a senior government minister, will change the country "politically, socially and economically,"

The President will have to come to terms with the fact thet some of his closest associates have been condemned by the commission, and attempt to restore the reputation of the

ruling Zanu-PF party, now seri-ously undermined. Zimbabweans queued for hours to buy morning newspa-pers which summarised the Commission findings on the

nesses, among them four cabinet ministers, one governor and two members of parliament be charged with perjury for lying to the Commission. Six Ministers and former

two of President Mugabe's clos-est associates - Mr Enos Nkala, the Defence Minister, and Mr Maurice Nyagumbo, the Politi-cal Affairs Minister - have

Labour Minister, is accused by reselling cars above the official

Mutumbuka, the Higher Edu-

Ndlovu had come very close to being "detained in the cells". describing the Industry Minister as an "arrogant, aggressive and bitter witness".

It also urged the ruling Zanu-PF party and the police to undertake "a very thorough investigation" of the party's company, Zidco.

It warned that "certain people" may well be using Zidco to make "a considerable amount of money for themselves."



Mngabe: biggest challenge since taking office

cation Minister, and Mr Jacob Mudenda, governor of Matabeleland, have so far not resigned. The Commission said Mr

Ministers and two MPs also face prosecution in terms of the country's price control regulations. Three Ministers, including

already resigned. The third government Minis-ter, Mr Fred Shava, the former

the Comission of acting like "a second-hand car dealer" and of earning some \$70,000 from price.

Mr Callistus Ndlovu, the Industry Minister, Mr Dzingai

so-called Willogate scandal. The findings included a recommendation that 15 wit-



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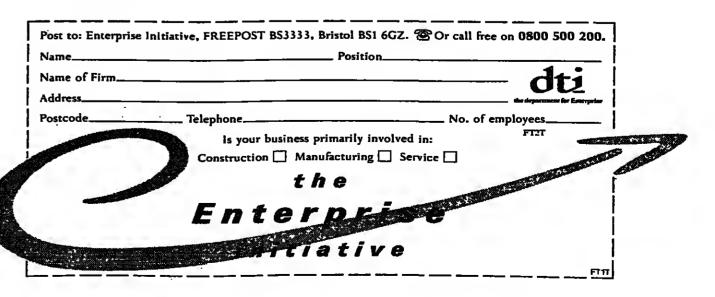
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AMERICAN NEWS

Mexico hopes to stem capital flow

By Richard Johns in Mexico City

MEXICAN officials hope that creditor banks. In a switchback movement the agreement clinched on reflecting the country's hopes and fears about debt reschedul-ing, Mexico's Bolsa de Valores Tuesday with the International Monetary Fund will help to reverse the flow of capital from the country and stabilise its responded to the Government's agreement with the Internacurrent account. tional Monetary Fund with a flurry of enthusiasm before

Fears of e resumption of the capital flight, which drained reserves last summer, has been MR Juan Carlos Pugliese, Argentina's recently-appointed Economy Minister, was due a catalyst speeding up the Govlast night to announce emerernment's negotiations for a gency measures in an attempt to stem runaway inflation and debt deal with the interna-tional financial community. At restore confidence in the austhe same time prevention of tral currency. A number of financial and capital flight has been seen in Mexico City as a vital confidence building measure in talks due to begin next week with representatives of the 550 economic problems have come together in the last two weeks,

₆ Ø

Argentine

emergency

measures

expected

producing an etimnsphere verging on panic. Argentina is approaching e presidential election on May 14 in which the economy will be a crucial

On Wednesday the black market rate for the austral broke all records. At one point the unofficial price of the dol-

Ine unofficial price of the dol-lar reached 58 aostrals before closing at 56, almost 180 per cent more than the officially fixed rate of 20.1 eustrals. Last week Mr Pugliese deval-ued the austral by 21 per cent, in the hope of halting the fran-tic unofficial currency dealing

tic unofficial currency dealing which has been going on since the first week in February. Yesterday the unofficial rate dropped slightly to 54 australs

to the dollar. Monthly interest rates hit 45 per cent, while speculation increased that the

rate of inflation for April may

be in excess of 30 per cent com-pared with 17 per cent in March.

March. Mr Pugliese's appointment in March was widely regarded as a political move designed to calm financial speculation and

provide a smoother economic

path to the election. But since then the situation has wors-

ened: wholesale manufacturers have increased prices in the last month by between 30 and

150 per cent as they attempt to

catch up with what they claim to be repressed costs of the last

A price control agreement between government and industry broke up in the first

week of February as manufac-turers accused the Government

of departing from the spirit of

few months.

sector tariffs.

By Gary Mead in Buenos Aires

244,781.5, a modest rise of 0.79 trade statistics for 1988 and in per cent.

trade statistics for 1988 and in particular, those for December. Dr Rogelio Ramirez de la O, a leading independent econo-mist finds the long delay "sus-plcions". Shortly before announcement of the IMF In anticipation of the IMF accord, however, the index had risen by 5.22 per cent in four days trading. It now stands at its highest since the precipi-tous fall in autumn 1987 and one comparing with 211,531.78 at which the Bolsa closed at the end of 1988. Much depends on whether

account was in prospect - a deficit of \$4.9bn is officially projected for 1988 - and "the the authorities can soon dis-play an acceptable level of reserves. The level of foreign Government must be prepared to find foreign finance or face an exchange rate adjustment". But senior Mexican officials exchange reserves remains a now maintain that a substan-tial proportion of Mexican flight capital could return in the light of the IMF deal. deep secret and a matter of speculation. There is also puzzlement as to why the Govern-ment has not published final

Looking for a model debt menu

Stephen Fidler previews Mexico's talks with its bank creditors

subsiding into a mood of more

In the first hour's trading on

Wednesday the price index, a notoriously volatile weather-

vane of confidence, leapt by some 7,000 points - an increase which recalled those

of September 1987 prior to the dramatic market crash -before subsiding. It closed at

cautious realism.

M EXICO'S debt negoti-etors and their lead-ing bank creditors sit down to talks next Wednesday in an attempt to forge a deal in an attempt to forge a deal that they know will be looked on as a blueprint.

Mr Angel Gurria, Mexico's chief debt negotiator, has been in the post more or less since the debt crisis broke in 1982 when the country announced it could not meet its debt pay-ments. Across the table from him, Mr William Rhodes of Citicorp has headed the 13-strong Mexicn bank advisory reduction

group since then. Both know that the agree-ment they make will probably be the first to incorporate the debt proposals announced by Mr Nicholas Brady, US Trea-15 sury Secretary, on March 10. This agreement - to quote Mr Shafiqui Islam of the Council on Foreign Relations in New York - will be the first on which debt reduction is "no longer simply an appetiser on the 'menn of options', but the main course."

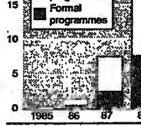
The precedents for e quick resolution are not good. The last big agreement between banks and a debtor country -Brazil - took months to arrange. While innovetive in some respects, the precedents set by the Brazilian deal were relatively limited compared with those expected to emerge from the Mexico deal.

the agreement. Mr Pugliese's emergency measures are likely to include a government-imposed price freeze - fixing prices at the level of April 7 - strong cur-However, political momen-tum behind the Mexico deal is high and there is a strong view delay could be dangerous, not only for Mexico hut for those rency exchange restrictions and sharp increases in public

countries that hope to follow its example. Neither is Mexico negotiating from a position of arrears, as was Brazil. Mexico has already indicated it will offer banks four options: debt principal or intereat reduction, new loans or voluntary capitalisation of interest – the rolling up of interest payments as new loans. outflows.

Debt principal reduction can be using World Bank or IMF funds for a straight buy-back Voluntary bank debt

Estimated face amount (\$bn) 20 Informal programmes



of Mexican loans at a discount or bnying collateral to back new bonds with a lower face value, which will then be exchanged for loans. Or the funds could be used to provide support for interest payments. As they start to negotiate, however, neither the banks nor the Mexicans will know exactly how the pie can be divided hetween debt principal and debt interest reduction.

Financing interest reduction

proved to be the most contro-versial aspect of the Brady pro-posals at the meetings of the IMF and World Bank in Wash-ington last week. As a result, it is still under study, despite being viewed in many quarters as the most effective way of reducing the Mexico's capital outflows.

Reducing interest payments has a number of advantages over reducing principal, and it is an idea that finds favour among bankers, academics and in debtor countries. The advan-

 It addresses more directly the main issue of resource outflows. Debt principal reduction must be significant before it starts to influence debt service.
 Unlike debt principal reduction • Unlike debt principal reduc-tion, it is not necessarily for ever. This provides some comfort to those worried that debt principal reduction will be difficult to operate over an extended period and that the incentives to meeting IMF and World Bank conditionality will

 be thus weakened.
 Bankers see interest reduction as offering some "upside", tion as offering some "upside", where the price of an export commodity such as oil rises. Interest support for a limited period could be lifted in the case of Mexico if the oil price were to rise significantly. In bankers' parlance, this is a recontume clause recapture clause. • Low interest bonds would

carry a fixed interest rate, which would not be affected by rising money market rates. A couple of perceptage points on US interest rates can wipe out

the benefit of even a signifi-cant debt principal reduction. • US banks are expected to benefit from the accounting treatment of low interest bonds under accounting rule FASB

accord he said the further dete-

rioration of Mexico's current

Given the uncertainty of support from the multilateral institutions, it is difficult to institutions, it is difficult to imagine how negotiations can resolve a proposed price for low-interest bonds or reduced principal bonds. Even if a price can be resolved, it is hard to see how this would prove opti-mal for the World Bank or the IMF, given that their interven-tion would presumably aim to provide the most debt or debt provide the most debt or debt service reduction for the dollar. What if the prices being offered by the banks do not provide a great enough dis-count for the IMF or World

Bank to intervene? There is also widespread concern about what is called front-loading - the concentra-tion of the benefits of a debt reduction deal in the early part of the deal. The risk, some bankers and government offi-cials believe, is that extensive debt reduction in the early stage of a programme means there is little incentive for countries to continue to abide

spread out over a number of years, the incentives for banks are to ignore the first debt reduction opportunities and wait in the hope that others will participate and reduce the discount on the old loans.

Further US retail Attack on 'minimalist' recession reflects approach to **US** budget

By Simon Holberton, Economics Staff

THE FAILURE of the Bush administration to break with the past and grapple with the problems posed by the US bud-get deficit has increased the risk of a "hard landing" for the US and world economies, according to a leading com-mentstor on economic affairs. There were also clear signs that progress towards the cor-rection of global trade imbal-ances had stalled and this,

ances had stalled and this, together with the budget impasse, raised the possibility that financial markets would tire of financing the US current account deficit at current exchange rates and seek to force the dollar lower. Mr Fred Bergsten, director of the Washington-based Institute for International Economics, told a conference in London. for International Economics, told a conference in London, sponsored by American Express Bank, that President Bush's proposals for the bud-get represented a "minimalist" approach which would proba-by not lead to any effective measures to reduce the US fed-eral deficit. market Low pay bill

eral deficit. He said a dollar depreciation in the current circumstances, where capacity utilisation in the US was very high and there was increasing evidence of tightness in labour markets, would fuel US inflation and force the US Federal Reserve to

LEGISLATION to boost the US minimum wage to \$4.55 an hour by late 1991 is headed toward a conference commit-tee of the House and Senate despite the threat of a veto by increase interest rates. Such an outcome could trigger a recession and have unhelpfal consequences for the US financial system. Third World debt and and world President Bush. The Senate vote on Wednes-

economy. In general, however, Mr Bergsten, and his colleagues at yesterday's conference, Mr Wil-liam Cline and Mr Stephen Marris, said the dollar would the necessary margin to over-ride a presidential veto. How-ever, Senator Edward Kennedy, chairman of the Senate Labour Committee which pro-duced the bill, said he hoped have to depreciate by up to 10 per cent for the US current per cent for the US current account deficit to be reduced. A parallel trade-weighted revaluation of nearly 30 per cent for the Japanese yen and nearly 25 per cent for the D-Mark woold also be required. the President would reconsider his threat. President Bash has agreed to a rise from the current \$3.35 next three years, but no more. He has also insisted that the

Research hy Mr Cline indi-cates that on unchanged poli-cies the US current account deficit will he more than \$150bn in 1992, while under his proposals for co-ordinated currency revaluation and other measures it could be less than \$50bn.

flat earnings By Anthony Harris in Washington THE US retail sales recession quarter of 1989 were 11 per continued in March, with the cent lower than in 1988. How-cash value of sales advancing only 0.1 per cent, according to the advance estimate from the major manufacturers launched.

cash value of sales advancing only 0.1 per cent, according to the advance estimate from the Census Bureau yesterday. The sales rise, however, amounted to 0.2 per cent if the depressed car sector is excluded - though latest fignew cheap credit terms. Sales in the first ten days of the month are estimated to have risen just over 10 per cent from the March level. Throughout the year buyers have been shiftered by from ures show car sales went on to

have been sheltered by from high interest rates hy the con-cessionary financing offered by all the major manufacturers, but with little effect. Rates were cut again this month, with Chrysler, which is espe-cially heavily overstocked, offering interest-free loans. It seems clear that some buy-ers were waiting for better terms, but industry analysts still onestion how long the still question how long the sales recovery can be sustained. Car stocks are more than 20 per cent above normal, with supplies at the beginning of the month at 77 days' sales, against a normal 60-65 days.

Lockerbie probe focuses on

passengers

US federal investigators have identified a handful of passen-gers who may have unwit-tingly carried aboard the bomb that caused a Pan Am aircraft to crash over Lockerble, Scot-land, last December, AP reports from Washington. CBS television reported on Wednesday that suspicion for the bombing, which killed 259 people aboard and 11 on the ground, had focused on a mem-ber of the Popolar Front for

ber of the Popular Front for the Liberation of Palestine-General Command, who is a relative of Hafez Dalkamoni, relative of Hafez Dalkamoni, currently in a West German prison on terrorism charges. CBS said investigators believed the passenger who unwittingly carried the bomh was Mr Khalid Jaafar, a Lebanese-American college student who lived in Michigan. But a US administration offi-cial vestorian disputed the

cial yesterday disputed the CBS account. He said investi-gators had not identified Mr Jaafar as the passenger bear-ing the bomb and that Mr Jaafar was only one of several pos-sible passengers identified.

WORLD TRADE NEWS

by IMF and World Bank eco-nomic conditions. Yet, if the debt reduction benefits are

ures show car sales went on to recover in April. Retail sales growth this year remains far below the recent rate of inflation. Weekly earn-ings in industry have also stood still since January, after advancing strongly in 1988. Total sales have now advanced only 0.5 per cent in the last air months, or 1.5 per cent excluding the car trade.

the last six months, or 1.8 per cent excluding the car trade, where turnover has fallen by 3 per cent. Prices rose 1.6 per cent in the first five months of this period, so the trend in real spending has been slightly downwards outside the car

proceeds despite

day of 62-37 was five short of

wage an hour to \$4.25 over the

plan contain a six-month subminimum "training wage." Both the House and the Senate

modified their original bills to

include a 60-day training wage. The few differences in the two bills will be resolved

in the conference committee.

tect consumers against being

that it is contrary to European Community law for there to be

any restrictions on parallel imports (diversions) within the

community." In Washington, the NFBA

said many senior managers were aware that their own

sales force were diverting their products. "Diverting, particu-iarly organised diversion, can exist only when manufacturers

consciously support the activ-ity. Sales organisations either

a blind eye to diverting and on

between Vienna and Eastern

The state of the second

"But we make it quite clear

an the state of the second second second

the those set to stronger set and

threat of veto

By Nancy Dunne In

Washington

Unit car sales in the first

Hills rejects call for US to adopt 'managed trade'

By Peter Riddell, US Editor, in Chicago

the Bush Administration's commitment to free trade and rejected the option of "managed" trade. Managed trade is now being

urged by some US businessmen. It involves bilateral deals between the US and its trading partners, covering permitted volumes of business in individual sectors. Adoption of such a policy would seen by many as a slide into protectionism.

In comments to reporters during a conference here organised by the Chicago Chuncil an Fareign Relations, Mrs Hills clarified previous ambiguities about the Administration's approach. These had arisen following a report six weeks ago by a group of private sector advisers to her with the alternative option of managed trade and targets for market shares.

Mrs Hills said she was npposed to this approach which whuld lead to the estab-Eshment of cartels.

The US, she argued, should

Japanese dock strike heads for crisis point

By Robert Thomson in Tokyo

JAPAN'S week-lnng docks strike will reach crisis point unless dockers accept a new pay and conditions offer at meetings this weekend, accord-ing to shippers. The strike has severely ham-

pered trade. Pickets have stopped trucks collecting or delivering cargo, and contein-ers have piled up, saturating

quaysides. The Japan Harbour Trans-portation Association, which represents waterfront employers, estimates that 2m tonnes of cargo has been delayed and says that increasing amounts of perishable goods are being ruined.

The association seid most ships had been unloaded, and there had been some reloading of cargo stored within port compounds before the strike began, but unloadiog would cease if the strike was not set-

MRS Carla Hills, the US Trade "swear off the idea of market Representative, has reiterated share targets." She said agreeing on particular shares made no sense and she pointed to the semiconductor agreement between the US and Japan which had not worked.

However. Mrs Hills warned However, Mrs Hills warned of "growing frustration" in Congress about trade disloca-tions in US-Japanese relations. She referred to "antagonism accelerating" because of the perception of the US private

sector that markets were not open in Japan. Business leaders in their frustration were resorting to calls for managed trade.

She maintained that it was in Jepan's best interests to import more since it would be badly hit if the correction to the imbalance between the countries took place in the context of import contraction

rather than export expansion. The former, she said, would amount to a recession. Instead, she urged Japan to import more for its own long-term economic health.

Refrigeration facilities at the

tled at the weekend.

US amid fears of retaliation

By Maggie Ford in Seoul SOUTH KOREA has launched e big lobbying effort in Wash-ington to avoid being designated a priority foreign coun-try under the US Omnibus Trade Act. This would mean the US regarding them as unfair traders and liable to

retaliation. A team of officials are hold-ing meetings on Capitol Hill and will be joined next week by Mr Han Seung Soo, the Min-ister of Trade and Industry.

US officials are concerned about several South Korean policies, including high tariffs and customs duties, non-tariff berriers and restrictions on

financial movements, The US sees room for improvement in agricultural products, telecommunications, protection of intellectual property rights and the appreciation of the won currancy. Seoul has already been desig-

seoul has already been desig-nated a priority country over its telecommunications policy and now has a year to negoti-ate changes before facing retal-iation. The act removes the dis-cretion of the President to decide not to retaliate against a designated country.

a designated country. South Korean officials have taken several steps to evoid being named an unfair trader. Under the act, designation must take place by the end of this month.

Seoul last year appreciated the won by 16 per cent against the US collar, although the rate has now slowed. Recently it has stimulated imports,

reducing its trade surplus for January and February from \$1.5bn in 1988 to \$756m this ports have prevented some perishables from spailing, but those fecilities are already full. year. The Australian Meat and Live-The February trade surplus with the US was reduced from stock Corporation, which oversees beef and mutton exports comprising about 50 per cent of Japan's imports, said there had been a complete halt in deliv-\$624m last year to \$417m in 1989 following a drive to diver-sify snurces of imports from Japan and a lifting of market restrictions.

eries to Japanese purchasers. Brief strikes are not uncom-This week Seoul lifted tariffs mon in Japan during the on several hundred agriculannual spring pay offensive, but the strike by 50,000 dockers tural products whose import was restricted and announced is complicated by demands for significant changes in working e Won 500on package of measures to help farmers who may

be hit hy the imports. A buying mission has also been despatched to the US with The dock unions want working hours cut from an average plans to spend \$1.6bn on Amer-ican products. Two South Kor-ean airlines this week ordered of 50 per week to around 35 per week by 1992, and have called for, among other things, an overhaul of company pension aircraft worth \$1.2bn from Boeing and McDonnell Douglas.

Seoul lobbies | Diversion fails to amuse Colgate

Tim Burt reports on a legal battle over cheap imported toothpaste pening again if we can. This toothpaste was coming in such large quantities that it was

A N ACTION brought against an importer by Colgate-Palmolive, the honsahold goods multi-na-tional, in the Appeal Court in London this week, has focussed attention on the trad-ing practices of diverters. Diverters are not latter-day smugglers but well-organised businessmen who obtain branded goods from countries where they are produced or sold cheanly and sell them to retailers in countries where the same brands sell et e higher price.

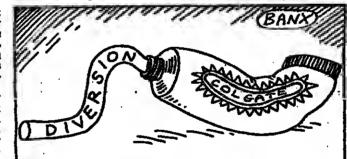
higher price. Profits running into millions of dollars can be made by diverters, according to Revion, the US cnametics multina-tional, which has also gone to court to protect its products against cheap imports. Luxury goods and consumer

products such as jewellery, alcohol, cosmetics, clothes and even food, are among the most lucrative targets for diverters, Revion said.

Revion said. Colgate (UK) claims that the widespread practice of divert-ing is harming its reputation and undermining its market share.

share. The US National Food Bro-kers Association (NFBA) in Washington says: "Diverting price lists are electronically available daily. Often partici-pants are aided by manufactur-ers and calce former ers and sales forces.

"Diverting is not a new creation. It has always been there. However, today its usage has been tremendously accelerated and sophisticated. It destroys sales comparisons by area, and local sales and marketing plans are derailed."



Colgate (UK) sued Mr Juda under licence from Colgate Bak, a Belgian husinessman operating in London, after he imported several large consign-ments of Colgate toothpaste to the UK from Brazil, where it

was made under licence with an export market restricted to Bolivia, Paraguay, Chile and Nigeria. Colgate (UK) told the High

Court that because of price restrictions and a shortage of raw materials in Brazil, the toothpaste made there relied on local chalk as a main con-stituent and was of "inferior" quality compared with the toothpaste made in the UK. Mr Bak, who was found guilty in the High Court of passing off (one product of

guilty in the High Court of passing off (one product as another) and infringement of trademark, said he wes unaware that the consign-ments of toothpaste from Bra-zil to London had been granted an export licence on the under-standing they were destined for Nigeria. Mr Justice Falconer, the High Court judge, said Lima-tada, the company manufactur-ing the toothpaste in Brazil

(US), "were deceived as to the real destination for which the products were intended." He agreed with Colgate (UK)

that shoppers who bought the toothpaste in Britain, where it was sold to retailers at up to 15 was sold to retailers at up to 15 per cent lower than the UK-produced Colgate, "had been deceived and, being dissatisf-ied, had complained. It was plain these misrepresentations would result in damage to Col-gate's reputation in the United Kingdom."

gate's reputation in the United Kingdom." Mr Bak is appealing against the judgment, "Colgate cannot complain if it produces, throughout the world, products of different quality. This case shows that hig companies now want to clamp down on diver-sion," said his solicitors S.J. Birwin & Co, of London. Mr Bak's solicitors are confi-dent of winning their anneal occasion took advantage of it. "A lot of the time diverters

are used by companies to get rid of stuff which is old. It's a way of inventory clearance," the Revion spokesman said. "A product which is e poor seller in one country may be sold to a known diverter to maintain turnower and solor dent of winning their appeal but Ms Ann Harper, a legal expert working for Colgate (UK), said the company would consider taking the case to the House of Lords, Britain's highmaintain turnover and sales. est law court, if it lost the case. "We want to stop this hap-Nobody likes a diverter hnt everybody needs them."

UK importer in Soviet vehicle venture

damaging our reputation and denting our market share." The International Chamber By Peter Montagnon, World Trade Editor of Commerce has also voiced its concern over diverting. Mr Giles Wyburd, ICC director in London, said: "We want to pro-

SATRA International, which imports Lada cars into the UK, has established a Soviet joint venture to channel Western equipment, tooling, compo-nents and know-how to the Saviet meter induction

Soviet motor industry. The venture is the first to be The venture is the first to be signed by any Western com-pany with Avtoexport, the Moscow organisation responsi-ble for Soviet motor exports, Satra said the venture was well-positioned to take advan-tage of the increased foreign trade freedoms for Soviet enterwises from this month.

trate freedoms for Soviet enterprises from this month. In return for arranging imports of equipment and know-how to the Soviet Union, the venture will also promote Soviet export sales through such activities as the develop-ment of finance schemes and vehicle leasing services.

ity. Sales organisations either knowingly contribute or are passive about its operation," according to the NFBA. A spokesman for Revion, which lost its case in the UK courts over what it claimed was illegal diversion of its shampoo from the US, suggested senior management in some multinationals turned a blind eve to diverting and con Mennic of mance schemes and vehicle leasing services. Meanwhile the Export Cred-its Guarantee Department has guaranteed DM24m credit to finance sales of UK goods and services to Bulgaria.

Peking metro order

Metro-tec, a British consor-tium led by Balfour Beatty, has won a £20m order for sig-nailing and electro-mechanical engineering modernisation work on the Peking metro. The contract will be financed under last year's UK govern-ment 2300m credit for China.

Gulf Airbus deal

Gulf Air, the airline jointly owned by the governments of Bahrain, Oman, Qatar and Abu Dhabi, is to buy 12 Airbus A320 and six Boeing 767-300ER aircraft for about \$15n, Victor Mallet writes.

Gulf Air also has options on a farther 12 Airbus A320s and six Boeing 767s.

Stinger consortium

Turkey plans to produce parts for US-designed Stinger anti-alreraft missiles in a consor-tium with Dutch, Greek and West German companies, Reu-

West German companies, Neu-ter reports from Ankara. The Defence Ministry said electronic, guidance system and motor parts, for assembly in Germany, would be built in Turkey, which would have a 40.6 per term provide show a 40.6 per cent production share

Austria looks to stronger links with Comecon VIENNESE banks have won s international investor syndi-cate, led by Girozentrale, and it is expected that after three the region, plus very close con-tacts have evolved over the years, Even if West Germany pushes ahead, old contacts

series of financing and joint venture contracts with Eastern bloc enterprises in recent weeks, suggesting that Aus-tria's traditional trading posi-tion in the Soviet bloc will not be eroded by West Germany, writes Judy Dempsey in

nies, spurred on by the eco-nomic reforms in the Soviet Union, have chased after contracts and joint ventures, Viennese bankers and economists believe that Austria can main-tain, if not increase its share of exports to the Comecon coun-tries. These form 8.8 per cent of its total exports.

In the past week, for exam-ple, Creditanstalt-Bankverein and Girozentrale, the country's two largest banks, were years, the shares will be listed on the Vienna and other Eurotwo largest banks, were involved in two big contracts. Creditanstalt financed the Sch990m construction of a lux-ury hotel in the Soviet Repub-lic of Georgia. Today, in Buda-pest, Girozentrale puts the final touches to a major con-tract involving Tungaram, the giant Hungarian state lighting company which has 6 per cent

company which has 6 per cent of the world market. As part of their radical eco-nomic reform programme, the Hungarians are selling off industries to Western inves-

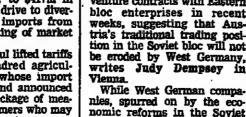
retains a very special position. We have years of experience in

tors. Just under half of Tungs-ram has been placed with an

Europe will remain crucial." Professor Stankovsky says it is not so much the reforms in pean stock exchanges. These two contracts, how-These two contracts, now-ever, are just the tip of the iceberg in Austria's links with Eastern Europe. Professor Jan Stankovsky, head of the East Enropean department at Vienna's Institute for Forecast-Eastern Europe which are bringing increased trade with Austria and other countries. "Over the next few years, we expect to see the size and share ing, says small Austrian comof the trade cake in Eastern panies continue to do much business with Hungary and the Soviet Union despite West Ger-

Europe increasing. This is largely due to the good business cycle in the West, the stability of oil prices, and a drive many's push into Comecon. He adds: "Anstria still hy several East European countries to export more and improve competitiveness."

conditions.



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IF IT DOESN'T MEASURE UP IT GOES NO FURTHER Most manufacturers can build cars that look well made, so it is hardly surprising the differences between a Mercedes-Benz and all the rest may amount to only one millimetre.

But minute differences on paper make enormous differences on the road. And the reason Mercedes-Benz can

COMPUTERISEO PINPO search for, and find, this extra precision is simple enough: they use the most sophisticated measuring devices in the world.

In a room wholly isolated from external resonance, a room as clinical as an operating theatre, body shells from the production line of every new model run the gauntlet of highly specialised robots. Like enormous, elegant aliens, these glide over each body shell searching every contour at 3,500 different points

for any misallgnment or imperfection no greater than the size of a pinhead. - Only faultless body shells signal that final

production can at last begin and on the assembly line, even more fastidious

robots patiently wait. Filled with computercontrolled video cameras that search

bodies for the small-

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A State of the

laser illuminated car

est imperfection, each of those electromechanical boffins complete in a week the pence. If he is right-handed, the inspector will use a mitten on his left hand which is less hardened by everyday use and therefore more sensitive than the right.

7

When his experienced fingers are run over a weld joint or body panel, the minutest flaws become apparent. No robot can replace those practised fingers, alive to the smallest nuance, as they direct the hand-finishing of body shell surface. Or reject THE ASUNING DEFICE it as less than perfect. OF ALL

HIGHEST STANDARDS IN THE MOTOR INDUSTRY

When Mercedes-Benz build a new car it must equal, or exceed, the toughest standards in the business - standards set only by its own predecessors. The enduring priority is the need, always, to build safer and better cars. Millions of test miles are driven in every conceivable condition, and innumerable crash tests are assessed. Months of 24-hour-a-day laboratory work simulate years of normal wear and tear. Longterm exposure in purposebuilt test chambers. using controlled humidity levels, has resulted in anti-corrosion measures tailored precisely to the specific needs of different parts of the car body. Zinc phosphating, chromatic rinsing, electrolytic priming, PVC coating

corrosion resistant armour. In addition, a creeping

on-all-welded-joints-and the underbody-ensure a

work it would take two men a year to achieve. And they cannot be deceived. If there is more than 1.0mm variation in a single measurement, the whole shell is rejected. That is why everything on a Mercedes-Benz fits so precisely. Why panels and trim align exactly. Why doors close with that discreet, terminal 'thunk' Why these cars are not prone to rattle.

> Mercedes-Benz build quality is legendary, claim that is not wanton exaggeration, but a fact that can be measured.

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Thousands of people at OF OTHER ROBOTS. Mercedes-Benz concern themselves solely with 'quality assurance'. Unlike conventional quality control, this procedure is designed to prevent quality problems rather than rectify them. That's why many of the quality assurance team have to be qualified engineers.

Yet a degree in engineering is no more important than the educated touch of a quality inspector's hands on the pristine surface of a raw body shell.

The only piece of equipment each inspector uses is a brushed cotton mitten, worth only a few

It missed being a Mercedes-Benz

ST. C. COMAN - CARA BARRIES

by l·0mm



ENGINEERED LIKE NO OTHER CAR IN THE WORLD.

wax solution is injected into all hollow body sections, while layer upon layer of primer, anti-chip coating and undercoat, are all added before the top coat is applied.

> **COMPUTERS AND ROBOTS** ARE NEVER ENOUGH

But the real miracle is the ability of Mercedes-Benz to maintain unparalleled build quality as it meets the challenge of designing today's necessarily more complex motor cars.

The secret ingredient, if secret it be, is the most complicated piece of equipment of all. The human being. From those educated fingers in cotton gloves to the detailed analysis of the quality assurance engineer.

When Gottlieb Daimler called for "The best

or nothing, there were no computers or robots, no environmental pressure groups or government safety regulations.



THE JOBE. A MEASURE OF MERCEDES-BENZ Success. But there was a standard demanded and never relinquished. At

Mercedes-Benz you'll find as many as three generations of one family working side by side to ensure that every Mercedes-Benz motor car is made as It should be. As it must be. Like no other RUA-160FT car in the world.

UK NEWS

Lloyd's hotpot of US liabilities starts to simmer

Nick Bunker looks at the affair which threatens to plunge the market into a full-blown crisis

OR MORE than two years, the Outhwaite A affair has been surfacing repeatedly over lunch tables in the rumour-driven Lloyd's of London insurance community. However, events in the next few months might, just might, turn it into a full-blown crisis centering on the crucial issue of how Lloyd's copes with its notorious liabilities for asbes-tos and toxic waste-related claims from the US.

The chances of that happen-ing came closer this Wednesday with the second instalment of a report on the affair by Freshfields, the law firm. Commissioned by a committee of 102 Lloyd's underwriting agency companies chaired by Mr John Heynes, it looks at the question of how 1.600 members ("Names") on Lloyd's marine undiene 217/22 found thom syndicate 317/661, found them-selves facing gross liabilities of at least £263m between now

and the year 2006. By themselves, the second Freshfields report's conclu-sions are merely findings of fact. What they are setting in train this week, bowever, are two new legal inquiries by the Heynes committee, and by the Outhwaite Names 1982 Com-mittee. The 1982 Committee represents 400 of the 1,600 afflicted Names and has been seeking to persuade the ruling Council of Lloyd's to step in and clear up the mess.

If these inquiries conclude that the 1,600 have a case for denying their liability for the £263m, pressure could mount dramatically on the Lloyd's authorities to put together a market-wide lifeboat operation to meet the losses. This is e suggestion likely to encounter strong resistance from the market's ruling Council, which has steadfastly avoided inter-vening on the grounds that this is purely a matter between

members of the market. Stage one of the Outhwalte affair was in December 1980, when syndicate 317/661's underwriter, Mr Richard Outh-waite, began selling so-called "run-off" reinsurance policies to other Lloyd's syndicates and insurance compar

Issued between then and the autumn of 1982 for what at the time seemed huge premiums, 31 of the run-off policies meant that syndicate 317 would take over heavy exposures to old US from as far back as the 1940s.

A found itself carrying a vastly disproportionate share of the market's burden of claims from US companies aristian from 0.5 companies and ing from asbestos-related lung disorders, asbestos contamina-tion in huildings, and compul-sory clean-ups of old hazardous

waste sites. But this week's Freshfields report focused on stage two of



ntation was never completed

the affair; the events when the R.H.M. Outhwaite Underwriting Agency was trying to close the syndicate eccounts for 1982

at e time when the run-offs were starting to produce huge claim huild-ups. In an annual report dated April 30 1985, the agency said it April 30 1980, the agency said it was closing the syndicate accounts and declaring a f2m profit for 1982, subject to a heavy qualification from Ernst & Whinney, its auditors, about the possible results of the run-

Then, in July 1985, the agency wrote to syndicate members saying: "Subsequent discussions have now led us to believe (the decision to close

the 1982 year) to have been a mistaken view and we have therefore decided to leave the

year open." The legality of reopening the year is now to be examined in a fresh inquiry hy Oswald Hickson Collier, the law firm, on behalf of the Heynes committee

If it was not legal, then the 1982 Names can argue that the 1982 Names can argue that the year was closed, terminating their liability for further losses. In theory, that would mean passing responsibility for the £263m to unsuspecting peo-ple who joined the syndicate in later years. That could deepen the legal morass, with the risk of bogging the Lloyd's commn-

nity down in embarrassing litigation for years. What is clear is that cases of reopening Lloyd's syndicate's accounts are rare. The Outhwaite 1982 Names Committee believes there have been only two: the Roylance scandal, which involved the collapse of a Lloyd's syndicate in the 1950s, and a second case in the early 1970s, when the R.W. Sturge underwriting agency reopened an accounting year for syndicate 210.

There is a further complicat-ing factor. The vital Outhwaite accounting decisions were taken when rules for preparing Lloyd's syndicate accounts were undergoing an upheaval which may have added to the confusion.

Mr Ian Hey Davison, the confusion. Mr Ian Hey Davison, the chief executive of Lloyd's, had pushed throngh radical reforms following the Lloyd's scandals of the early 1980s. But his chief instrument was the Octoher 1984 Syndicate Accounting By-law, which for the first time required anditors to say whether or not syndi-cate annual reports gave a true and fair view of their position; and in May 1985, the by-law was not fully in force. As a result, "true and fair" certification from an auditor was expected, but not manda-

was expected, but not manda-tory. Unsurprisingly, the Freshfields report shows that there was "some debate

between Outhwaite and Ernst & Whinney about the form and content of the eudit certifi-

cate," Mr Heynes says: A third complicating factor is that Mr Outhwaite never completed the official docu-mentation to effect payment of the reinsurance-to-close premium. This premium represents a sum transferred to future members of the syndicate as a reserve against old liabilities. But in the Outhwaite case, no reinsurance-toclose memorandam was signed, according to Freshfields

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Herds. or now, the Outhwaite 1982 Names Committee is reluctant to take the hawkish line of threatening litigation to avoid liability for the 2263m. Chaired by Mr Peter Nutting, a 53-year-old business-man, its 500 members include snccessful solicitors, accoun-

snccessful soncirors, accoun-tants, and a barrister. The committee is confining itself to getting counsel to look at the Freshfields findings and say whether the reopening of the 1982 was legally valid. What is clear, however, is the mounting frustration among Outhwaite 1982 Names at what they call inertia among the they call inertia among the

authorities at Lloyd's. "The solution is for the Council to get off their back-sides and do something," says one leading member of the 1982 Committee

Law Lords ruling closes insider dealing loophole

FINANCIAL TIMES FRIDAY APRIL 14 1989

of purpose or effort."

the recipient of inside informa-

tion who dealt in securities,

"Parliament cannot have intended that a man who asks for information which he then misuses should be convicted of

an offence while a man who, without asking, learns the same information which he

also misuses should be acquit-

Lord Lowry said the offence could be committed by a pri-mary insider - someone con-

nected with the company the

ted."

By Raymond Hughes, Law Courts Correspondent

THE GOVERNMENT'S attempts to curb insider dealing have been given a boost by five Law Lords.

of purpose or effort." Sir Patrick Maybow, QC, the Attorney General, referred the case to the Court of Appeal and in October three appeal judges, headed by Lord Lane, the Lord Chief Justice, held that parlia-ment had intended to penalise They have ruled that people who deal in shares on the basis of what they know to be unpublished, price-sensitive information are guilty of incident dealbar an entity how insider dealing, no matter how the information came into their possession. The mischief consists of

whether he procured the infor-mation "by purpose and effort" or came by it "without any positive action on his part". dealing in securities while in possession of the confidential information," said Lord Lowry The case then went to the House of Lords for a definitive

information," said Lord Lowry yesterday. The decision finally sealed an apparent loophole in the law that had put at risk other prosecutions and investiga-tions by the Department of Trade and Industry, which is spearheading the drive against insider dealing. At the moment the DTI has 45 cases on its books: six before the courts, 17 being investi-gated, in 14 of which inspectors House of Lords for a definitive ruling by the Law Lords. Mr Fisher's acquittal was unaffected by the rulings by the appeal judges or the law lords, which were sought sim-ply to give guidance on the law to courts handling future Lord Templeman said yester-day that the object of the 1985 Act had been to prevent

gated, in 14 of which inspectors have been appointed, and 22 more under consideration either before or after inspections.

What was at issue was the meaning to be given to the word "obtained" in the 1955 Company Securities (Insider Dealing) Act. Section 1(3) of the Act makes

it an offence for someone to deal in shares on the basis of unphlished price-sensitive information "which he know-ingly obtained (directly or indirectly) from another individ-

nal." At Southwark Crown Court in London last April Judge Gerald Butler directed a jury to acquit Mr Brian Fisher, a bar-rister and businessman charged with insider dealing. The judge decided that Mr Fisher had not "obtained" information on which he was alleged to have dealt in shares hut been given it "without any opportunity for him to prevent that information being passed that information being passed on." To obtain, the judge said, after consulting the Shorter Oxford Dictionary, meant "to procure or gain, as the result

nected with the company the shares of which were the sub-ject of the dealing – or a sec-ondary insider who had know-ingly obtained information from a primary insider. Whether the secondary insider solicited the informa-tion or merely received it did not increase or diminish the undesirability of his making use of it. use of it. If a primary insider was for-bidden to use the information, "one may properly ask why a secondary insider should be prohibited only from using part of the information which may come into his hands.

namely, that which he has procured hy his own efforts: the procurement is not the guilty act," Lord Lowry said.

Economy braced for a hangover

By Ralph Atkins, Economics Staff

AS last year's exuberant economist at UBS Phillips & economic growth begins to Drew, said tecent growth had fade, fears of a painful bang, exceeded productive potential, over are mounting. The UK had outstripped the Strong economic growth in skills available in the labour Strong economic growth in 1988 is showing signs of easing but figures published yester-day suggest there has been no break in the upward trend in earnings. The result is that labour costs for each unit of output are increasing. And that almost certainly means higher retail prices to come. Figures released later today are likely to show Britain's annual inflation rate rising to about 8 per cent. With recent market are likely to show Britain's annual inflation rate rising to about 3 per cent. With recent mortgage rate rises fully reflected in the retail price index, that may be near a peak. But the fear of City of Lon-don economists and others is that continuing wage pressure will mean any fall is modest. At the extreme, some are pre-dicting "stagflation" with infla-tion remaining at rates of 5 per cent or more into the 1990s while growth is sluggish. The pick up in earnings can be traced back to the begin-ning of last year. Between Jan-uary 1983 and October 1987, the Department of Employment's measure of underlying earn-ings growth had been broadly stable – never rising by more than 8 per cent or less than 7½ per cent a year. That stable growth acceler-ated, however, to reach 9½ per cent last summer – the high-est since June 1982. It subsided slightly towards the end of the year, partly due to technical factors, but yesterday's figures showed a return to 9½ per cent in Fehruary. Higher pay settlements have driven earnings upwards. in Fehruary. Higher pay settlements have driven earnings upwards. Because agréements are usn-ally based on past, rather than expected future performance, agreements have almost cer-tainly reflect delayed effects of buoyant economic growth and company profitability since the mid-1980s. That momentum is likely to mth-1980s. That momentum is likely to continue: Profits of non-North Sea oil companies increased by a fifth last year. The fear is that earnings will replace excess demand as the main unward pressure on prices upward pressure on prices. Last week Mr Robin Leigh-Pemberton, Governor of the Bank of England, cited mount-Bank of England, cited mount-ing wage pressures as the econ-omy's most serious problem. Cost pressures could also have been exacerbated by steep fails in unemployment. The Government boasts that since the peak in July 1966, the num-ber ont of work has fallen by 1.215m while the workforce in employment has risen to employment has risen to record levels. The unwelcome side-effect, however, has been rising skill shortages with employers bidding up wages to recruit or retain staff. Mr Paul Davies,

NOT LONG AFTER W.G. GRACE WAS OPENING IN MELBOURNE, AUSTRALIAN MUTUAL PROVIDENT

WAS OPENING IN LONDON.



hen the great Doctor Grace led Lord Sheffield's XI out at Melbourne in 1892, Australian Mutual Provident was already the largest life insurance office on its home ground, and just 16 years later would open its first London branch. AMP is still the leading Australian life office, with over 30% of life insurance and retirement funds. Our £12bn investments are broadly spread over shares, government and fixed-interest securities. property, energy and natural resources. AMP's substantial funds also allow us to seize growth opportunities whenever and wherever they occur. In the coming years, we mean to continue our profitable growth, domestically, in the UK, and in new overseas markets, to give our policyholders the security that only financial strength can provide. A promising future, for an institution that's 140 not out this year The AMP Group means to go on leading

and breaking new ground for decades to come.



This may seem perverse when there are still almost 2m out of work – and at least two people out of work for every vacancy. A possible explana-tion is that the mismatch of skills between the unemployed and vacancies has worsened with Computer and winth and vacancies has worsened with Government and private sector training schemes failing to bridge the gap. By definition, if employment is rising and output growth slowing, productivity will also decelerate. The first signs of this are apparent in vactor

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decelerate. The first signs of this are apparent in yester-day's figures. Output per head in the whole economy in the last three months of 1968 was just 0.5 per cent higher than a year earlier - a marked decelera-tion from previous quarter's figures even if interruptions to North Sea oil production are excluded. If earnings are also rising

excluded. If earnings are also rising, wages and salaries per unit of output will increase. In the last quarter of 1988, unit wage costs were 8.4 per cent higher than a year earlier - the fastest growth rate since the second quarter of 1981. Figures due for please on

guarter of 1981. Figures due for release on Monday will show growth in productivity and unit wage costs in manufacturing during February. Signs of an improved performance appear unlikely. At least publicly, the Trea-sury is not unduly concerned abont such wage cost pres-sures. Its line is that the expec-ted reduction in demand in the economy will feed through into the labour market but that this will take time. Rising unit wage costs and falling productivity, the Trea-sury says, are the result of inevitable time lags in a slow-reacting labour market. How-ever, it stopped short yesterday

reacting labour market. How-ever, it stopped short yesterday of forecasting that the trends will eventually be reversed. Some tentative support for the Government is shown in yesterday's figures. The March fall in unemployment was below the average for the past six months and could be point-ing to a slower underlying rate ing to a slower underlying rate of decline. Vacancies were also falling, suggesting demand for labour was abating.

A problem with this line of argument is that the delay between a slowdown in demand and a reaction by the labour market could be inordinate. It may prove difficult to persnade financial markets – and more importantly, pay negotiators – of the effi-clency of the labour market and to instil confidence that wage pressures will eventually fall.



UK NEWS

Offer of concessions likely in legal reform proposals

By Philip Stephens and Raymond Hughes

By Philip Stephens and Raym THE GOVERNMENT has agreed to a limited extension of the consultation period for its planned overhaul of the legal profession amid signs that it is ready to offer significant con-cessions to defuse opposition to the plans. The extension was agreed by the Cabinet yesterday as senior judges bowed to pressure from MPs and called off a meeting next Monday at which they were to have discussed the plans put forward by Lord Mackay, the Lord Chancellor. Mrs Margaret Thather, the Prime Minister, was said to determined that the core of the proposed changes – strengthnew committee to oversee the licencing of advocates would unduly strengthen the powers of the Government over the judiciary. Such a change would be designed to defuse the charge that the reforms threatened to subvert the constitution and to cast opponents of the plans in the role of simply defending their own self-interest. The Law Society is suggesting as an alternative to the committee a Legal Affairs Commission, wholly indepen-dent of Government. It would proposed changes - strength-ening competition by giving solicitors as well as barristers rights of advocacy in the higher courts - must remain

in place. Ministers, however, said that there were possibilities for con-cessions in a number of areas. standards. Annisters sain that Lord Meckay had also acknowledged political concern that his suggestion that solici-tors and barristers could create multi-disciplinary practices might threaten the services available to smaller solicitor's month and annister autoful loren diter After last week's attack on the alans in the House of Lords, Lord Mackay had acknowl-edged that they would be diffi-cult to get them through in their present form during the practices outside large cities.

next session of parliament. Among the likely concessions would be agreement to drop the proposal to introduce provision for lawyers to act on a contingency, or no-win no-foe basis The proposal that the 27 judges from the Court of Appeal and 100 from the High Court ehould take several hours off work during court hours next Monday had attracted widespread adverse

The Lord Chancellor was also said to be looking at ways to meet the concerns of the profession that the proposed new committee to oversee the light of advantation monitor comment in parliament and the press, where it was stigma-tised as "a strike" or "unlawful industrial action."

Yesterday the Judges' Counresternay the Junges Com-cil announced that the meeting had been postponed until Sat-urday, May 20, when Lord Mackay will be available to address them.

In a statement issued through the Lord Chancellor's Department, the Council said that at its request Lord Mackay had extended the dead-line for the judges' response to the Green Paper (discussion document) until May 30. It added that index' meetings added that judges' meetings were held during court hours only when it was impractical to do otherwise. The council insisted that the meeting was inform Government and the professional bodies of gaps in the provision of legal services and advise on training and standards. Ministers said that not a protest against Lord Mackay'e proposals, which did not affect judges personally.

Lord Mackay's department said that the extension of time applied only to the judges. All others wishing to respond to the Green Papers would have to stick to the original consul-tation deadline of May 2.

Mr Desmond Fennell, the chairman of the Bar, said last night thet he hoped Lord Mackay would extend the dead-line for all those who wished to make representations.

ODC seeks partner for St Paul's precinct By Paul Cheeseright

ORGANIZACION Diego Cisneros, the Venezuelan owner of Paternoster Square, the complex of offices beside St Paul'e Cathedral in the City of London, is planning to sell a portion of its ownership to a property development com-

ODC's decision to seek a partner throws existing contro-versial plans for the redevelop-ment beck into the melting

pot. Salomon Brothers, the US-owned investment bank, will next week send out details of Paternoster Square to property companies in the UK and abroad, inviting them to make financial and design proposals for its redevelopment. It is unlikely that any development consortium or joint venture consortium or joint venture would be set up without a Brit

ish member. Paternoster Square is one of the most sensitive sites in London because of its proximity to St Paul's Prince Charles is anxious to see the existing equare office blocks and draughty shopping pre-cinct – which he called an eye-sore – replaced by buildings sympathetic to St Paul's.

The developer chosen will be responsible for producing and carrying out a redevelopment design. ODC would pass an equity share in Paternoster Square to the developer, but would remain a passive inves-

At first glance, Rolls Royce and Northern Engineering Industries look rather an odd couple.

At second glance, they look even odder.

Rolls Royce is the darling of the fast set.

N.E.I. makes power stations and not too many of those nowadays.

Yet they're teaming up in a £306 million merger.

Is it a marriage of convenience? Or is there a hint of the shotgun? Find out in The Economist

today.



Esso plans to invest £3bn in North Sea

Average earnings

 $\cdot /$

Underlying annual rate

9.2

9.0

8.6

By Maurice Samuelson

ESSO UK plans to spend more than £3bn in North Sea development in the next five years, on top of the £5bn invested since 1980. Last year's capital and exploration expendi-ture reached £489m and it has put in one of its largest ever applications for new acreage in the 11th round of offshore licences to be awarded by the Department of France to be awarded

by the Department of Energy. In 1989, for the first time in several years, Esso discovered

more oil than it produced. Sir Archibald Forster, chairman and chief

executive, yesterday cited these facts as proof of the company's "confidence in the long-term viability of the UK oil and gas industry."

He was announcing Ksso's results for 1988, which were highlighted by a £225m fall in pre-tax earnings to £302m, due largely to a 24 per cent drop in average crude prices from 1987.

ODC has not settled on the would wish to retain. In the event of a very large offer from a developer, it might be prepared to sell Paternoster Square outright. The property is worth in the region of

£300m

You may have heard about the excellent returns offered by offshore companies, yet been put off by either the lack of recognisable company names or by confusion over what they actually do. As an overseas resident there are definite advantages

in investing offshore, but to quote the Observer newspaper, "if one is going to place money overseas the safest rule is to stick to the funds run by the offshore arms of UK financial institutions whose reputation and standing are beyond dispute."

Obviously, Barclays Bank and Barclays International Funds are such institutions A wide choice : We now offer 17 offshore investment funds marketed from politically stable Jersey in the Channel Islands. Advisors to the funds are Barclays de Zoete Wedd Investment Management Limited who currently look after investors funds to the value of £13 billion. We have funds in equities across four continents, major currencies, gilts and other fixed interest stocks. We have funds for income or growth or both. **Easy switching** We offer total flexibility. You can easily switch from one fund to another to respond to fluctuations in world markets. And you can start with as little as £1,000 or US\$1,500, although we do offer special privileges to those investing £50,000 or US\$100,000 or more. Whatever amount you decide to invest, or whichever fund or funds yon choose, with Barclays International Funds you will always enjoy one great benefit - peace of mind. Send the conpon today for more details without any obligation on your part. Please send me a copy of your free brochure and details of your Special Cunard Holiday Offer. 1 am considering investing a sum of £____ Address. BARCLAYS INTERNATIONAL SEND TO: RICHARD ROBERTS, BARCLAYS INTERNATIONAL FUNDS, DEPT FT/104/DW, PO BOX 152, RUE DES MIELLES, ST. HELLER, FUNDS JERSEY, C.I. TEL: (0534) 67888.

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official seasonally-adjusted total dropped 30,600 to 1.92m than eight years. The Department of Employ-ment said average earnings were rising at an underlying rate of 9% per cent a year in February - the same as in August and September last year but otherwise the highest since June 1982. In January, earnings-were rising at a rate of 9 per cent. Wages and salaries per unit of output were increasing at an annual rate of 8.4 per cent in the last three months of 1988.

Even after allowing for the interruption of North Sea oil production, that was the fast-est growth rate since 1961. The combined figures high-light cost pressures which have followed exceptionally

strong output growth last year. Figures released today are widely expected to show Britain's inflation rate at about 8 per cent. However, the Confederation of British Industry (CBI) yes-terday said its pay databank showed manufacturing produc-tivity was rising faster than pay settlements in the first three months of 1999. Mr John Banham, CBI director general Figures for the manufactur-ing industry, published last month, showed the pick-up in unit wage costs continued into January 1989. Results for February will be published on Banham, CBI director general, said this would help keep unit labour costs under control. Financial markets yesterday

The unemployment figures could be pointing to a modera-tion in the rate of decline. The inon in the state of the state of the latest fall, the 32nd consecutive monthly drop, was below the average of the past six months. Mild winter weather, howreacted calmly with some analysts saying domestic cost pres-sures are likely to case as the labour market reacts to the slowdown in domestic demand. ever, has almost certainly The FT-SE 100 share index fell 4.3 points to close at 2,028.7 eraggerated recent falls. Gov-ernment statisticians believe while long-date Government the underlying rate of fall stocks fell about a third of a remains about 40,000 a month.

8.4 8.2 8.0 1988 . 1989 point. The department's figures show unit wage costs in the whole economy have been accelerating since the begin-ning of 1967. At the same time,

productivity has slowed, with latest figures showing output per head just 0.5 per cent higher in the last three months of 1988 than in the correspondof 1988 than in the correspond-ing period a year before. Mr Michael Meacher, Labour's employment spokes-man, said: "Britain is falling into the grip of a price-wage spiral. Wages are rising as a direct response to Govern-ment-imposed rises in mort-gam artee and general infla-

gage rates and general infla-tion.*

Regional boards scrapped in restructuring at TSB

By David Barchard

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TSB GROUP, the fifth largest banking group in the UK, yes-terday announced sweeping group board, there will now be three boards for the newly integrated operational divi-

changes in the structure of its boards. The size of the group board will fall from 31 to 17, while TSE's eight regional boards in England and Wales are to be surplused. sions. These will concentrate 'TSB's activities into banking, insur ance and investment, and other commercial interests. The streamlining, which is scrapped. Sir Nicholas Goodison, TSB's

The streamining, which is expected to save TSB around 5750,000 a year, appears to have met with no resistance. Sir Nicholas said yesterday Sir Nicholas Goodison, TSB's chairman since the beginning of the year, said that the changes had been made to streamline the operations of the group and shed unwieldy organisational features inher-ited from the days when TSB was a federetion of local -savings banks, before its stock-markst flotation in 1966. Immediately below TSB's that he had been "most encour-aged" by the anthusiasm within the group for further progress. The separate status of TSB in Scotland, Northern Ireland,

and the Channel Islands has not been affected by the

Immediately below TSB'e changes.

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UK NEWS - THE FINANCE BILL

PENSIONS Proposed limit on earnings is clarified

The changes will result in

benefits, but with restrictions on early retirement benefits, or the new system with the ability to pay full pensions from age 50 with a minimum of 20 years service, but with the £60,000 carnings limit. The Bill does not clarify the rights of employees in existing schemes to opt for the new system or the eld one, except for stights employees who

for existing employees who joined the scheme on or after March 17, 1987 when the exist-

ing £1.50,000 cash benefit limit was imposed. These employees will have the antomatic right to decide whether to switch, but for whether to switch, but for employees who were members of their company scheme before the above date, tha switch option will have to be contained in the rules. The Revenue will still be in a posi-tion to approve rule changes. The Bill also proposes to the Bill also proposes to

this E50,000 centre. The short-fall will therefore have to be stop any transfers into new made up by the employer. personal pension arrange-Higher-paid employees ments to take advantage of the endeavouring to make up a removal of the £150,000 limit shortfall through Additional on cash payments. Voluntary Contributions,

Rearrangements that lead to a windfall

DIRECTORS who rearranged their affairs between the Bud-get and the end of the tax year on April 5, in anticipation of a possible loophole arising from the Budget, will share in an £80m tax windfall this year. The loophole was available to directors who were paid on tha "accounts basis", which involves paying tax on remo-neration shown in their com-pany accounts during a particular tax year.

year ended on December 31 1988 and its directors were taxed on this basis, they would pay tax on the pay shown in the accounts for the tax year ending on April 5 1989. Earnings between January 1 and April 5 would then be taxed in

Eric Short taxed at all. In anticipation of this loop-

hole, some tax advisers were recommending their clients to bring forward as much of their pay as possible before April 5. However, most had expected the Revenue to take action to block this form of avoidance. The Revenue said yesterday that it had no plans to tax income falling in the tax-free period. "Provisions bringing such incoma into charge could . . . lead to an excessive tax charge over the life of the employment, since when the accounts basis starts, some income is usually assessed

more than once." The Bill contains a number of other. provisions, however. to prevent directors taking part of their income out of tax. the heat tax year. Under the new system, direc tors and employees will be i day that the transition to the taxed when they receive their new tax basis would cost the new tax basis would cost the Revenue £80m in 1989/90, and

For instance, if a company's

propriated amount appears to be necessary as a reserve held in the life fund to satisfy policyholders' reasonable expecta-THE BILL contains no therefore find their maximum surprises regarding changes to permissible payments subject occupational pension schemes, to this limit. occupational pension schemes.

but it clarifies two important features of the proposed £60,000 limit on earnings for pension purposes.

First, it confirms that this limit will be revalued each year in line with price increases, despite comments increases, despite comments from the pensions industry that revaluation should be in line with earnings growth. Second, and of greater impact, is confirmation that the limit will apply immedi-ately to contributions paid into a company schema, including Additional Volun-

including Additional Volun-tary Contribution schemes. The £60,000 limit in calcu-lating benefits only applies to new schemes from March 13, 1989 and to new employees joining existing schemes from June I, 1989. Employees not caught by these restrictions can have

these restrictions can have pension and cash sum benefits based on their full pensionable earnings, but their contribu-tions into the scheme, as from this year, will be limited to this 260,000 celling. The short-

either in-house or by a "free standing" arrangement, will

DIRECTORS' PAY

at other firms were summed up hy Mr John Andrews of Coo-Pers & Lybrand, who said: "You can go through this bill clause by clause and the accountancy profession hardly accounts for any of L."

The Treasury said yesterday that the extra complexity in this year's Bill was because the areas of tax being dealt with "are intrinsically very com-plex." Nor is next year's bill is plex." Nor is next year a unit is unlikely to be simpler. "We are moving into areas which are even more complex," the Trea-sury warned.

rules for amall investment companies which themselves run to seven clauses, as well as a range of other measures intended to prevent companies intended to prevent companies using the tax system to reduce their tax bills. One particularly complax piece of anti-avoid-ance legislation, concerning the sale of subsidiaries hy a parent, has not even been included in the Bill because it is still being drafted.

Tax experts generally deny that they are responsible for the complexity, although they accept that increasingly sophisticated tax planning has prompted tha legislators to keep pace by introducing ever more complex rules. Commenting on the moves to prevent tax avoidance on the disposal of subsidiaries. Mr

the disposal of subsidiaries, Mr Broke said: "You could lay these things at our door."

However, the sentiments of Mr Broke and his counterparts

"It started out as a way of helping small companies, and now what have we got? - numerous close companies owning rented accommodation," grumhled one tax professional.

The only significant simplifi-cation of tax law achieved this year has been the removal of the apportionment rules for be prevent a series of address before it was extended last year to cover private rented accommodation - only to lead to the creation of "close" com-panies through which BES investors could enhance the close companies. These pre-vented companies with five or fewer controlling directors huilding up profits to avoid paying them ont and attracting top-rate income tax - a tech-nique made redundant by last tax incentives in a way never foreseen hy the government.

311.1

year's reduction in the top rate to 40 per cent. However, in place of these rules are new anti-avoidance

A longer Bill means higher bills

Richard Waters reports on tax advisers' concern about growing legal complexity

ONLY A few weeks ago, in the immediate aftermath of the Budget, the UK's life insurers Bunger, the UK's hie insurers were basking in self-congratu-lation after escaping what could have been a drastic revi-sion of their tax regime. The Finance Bill contains Cheap cover

TAX RELIEF on elderly people's private health insurance contributions - one of the most widely criticised aspects of the Government's aspects of the Government's bealth care reforms - will be introduced in April 1990. It will be available to people aged 60 and over who snh-scribe to private health insur-ance, and to others who huy it on their behalf.

aged 60 and over are covered hy medical insurance – about half the proportion of insured people in the population as a whole. Many of those who are insured ander employers' schemes withdraw when they retire and have to pay their own contributions. The Gov-ernment homes fay relief will ernment hopes tax relief will encourage more people to continue cover on retirement.

Insurance companies are preparing for increased inter-est in health insurance for the over-60s in the run-up to next April. This is particularly likely in the case of the provi-sion allowing children to huy insurance on behalf of their elderly parents and offset it

energy parents and offset it against their own tax. Basic rate relief will he available to non-taxpayers and taxpayers alike and will be deducted at source like mort-gage relief under the Miras system. Higher rates of relief, where they apply, will be given by adjustment of indi-vidual PAYE codes.

The Government says that increased take-up of insurance among the elderly will relieve pressure on the National Health Service. Critics dis-agree. They say health care demands increase dramatically with age and that health insurers will offer only very cantious and partial cover to

older clients. Tax relief will, they contend, constitute an inefficient sub-sidy to the private sector while the NHS continues to meet the high costs of treating the chronic and disahling conditions which become more prevalent in old age. Official calculations are that the scheme will cost the Exchequer £40m in 1990-91, although this will rise in later years if more elderly people are encouraged

to take ont medical insurance. ent.

which has the country's largest tax advisory husiness with more than 750 tax experts. None the less the tax profession is generally perturbed about the sharp increase in the complexity of the tax system in a year which has seen few fundamental changes in the law, Anything which is had for their clients is ultimately bad for them tco. The Bill runs to 180 clauses - 30 more than last year's

mould-breaking effort, and 50 more than the reforming 1984 Finance Act. However, one large section of the hill, running to nearly 30

depressing. clauses, enacts proposals made several years ago by the Keith Committee to update the pow-ers of the tax anthorities.

These clauses affect the man-agement of the tax system, rather than the system itself. Mr Adam Broke, head of tax at Arthur Young and vica chairman of the Institute of Taxation, said: "It would be justifiable if they were dealing with some of the endless points



major changes, hnt they're not . . . I find it infinitely The Business Expansion Scheme, introduced six years ago, provides an indication of the progress of tax law in Nigel Lawson, the Chancel-lor of the Exchequer, has said in the past that one of the prinrecent years. Originally intended to

ciples behind the tax reforming encourage investment in unquoted shares, the scheme measures of recent years has been to simplify the tax sys-tem. This was meant to be had to be tightened repeatedly to prevent a series of abuses achieved through lowar tax rates and the removal of tax shelters. However, new tax shelters

have been set up to replace old. ones, while fresh anti-avoldance rules have far outweighed

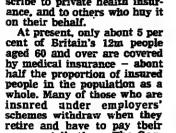
the years, or were dealing with the removal of defunct ones.

few obvious surprises, apart from one provision which could dampen some of the euphoria by unexpectedly expanding the Revenne's defi-nition of shareholders' profits

for the retired

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HEALTH



his year's Finance Bill is the loogest and most detailad ever produced, in spite of following one of the least star-

tling Budgets of recent years. Experts say that this will result in higher costs for tax payers: their advisers' hills will rise as the new legislation is digested and applied. "It's good news for us," said Mr Roger White, partner in charge of tax at accountants

charge of tax at accountants Peat Marwick McLintock,

from life assurance. The provision in question comes in Schedule 8. amending part of the 1988 Taxes Act dealing with insurance companies, and clause 78, which deals with the way life companies calcu-

late their profits for tax purposes. On one reading, their effect is to limit the extent to which life assurance companies can allow untaxed share-holders' profits to accumulate in their life funds in excess of what is needed to fund future

may dampen Budget euphoria bonus payments to policyholdprofits handed to sharehold-

Shareholders' profits clause

According to Mr Chris Winslett, life assurance tax specialist with Deloitte, Haskins and Sells, this may have a large impact on some unit-linked life

LIFE ASSURANCE

ers.

ssurance companies. In their annual reports, shareholder-owned life insurers show a revenue account. which gives income (made up of premiums, investment income, realised capital gains) and outgoings (benefits to policyholders, brokers' commis-sions, taxation, and after-tax

ers). The last element - share-holders' profit - usually appears on the report's next into the tax charge. Clause 78 (h) uses the life assurance company's annual returns to the Department of page, in a separate shareholders' profit and loss account. Trade and Industry as the

However, there may be some elements of shareholders' profbasis for calculating taxable profits. These returns contain the life company's valuations its which are left in the revenue account and fail to be "appropriated" (tha technical life assurance term) into the of its assets and liabilities. According to clause 78 (b), profit and loss account. What clause 78 appears to do is to give the Revenue more strinthe returns may show an unap-propriated profit which can be left out of the tax charge. But, gent criteria for determining how much of the unapprothe clause appears to say, in future the unappropriated

cyholders' reasonable expecta-tions of future profits. Apart from this provision, the hill aims to put into effect the Revenue's main Budget proposals, which consisted of some piecemeal reforms to iron out obvious anomalies in the tax treatment of life compa-nies. These ware first to priated profits can be brought

rins. These ware, first, to "rins fence" life companies' life assurance funds from their pensions funds, to prevent them from shuffling management expenses between them as a way of minimising tax hills. Second, the bill would implement the Revenue's proposal to make life companies write off their marketing costs over seven years, tather than immediately.

profit can be left out of the taxable profits only if the unap-

Nick Bunker

FINANCIAL TIMES FRIDAY APRIL 14 1989

two different benefit systems for company pension schemes - the existing system where there is no carvings limit on benefits, but with restrictions

decided that insurance contracts which provide daily cash henefits if potential private patients are treated in NHS hospitals will not attract tax relief. Snch arrangements, says the Government, do not meet the objective of relieving pressure on the NHS. Bnt con-tracts which include small cash sums for incidental ontof-pocket expenses, such as newspapers and flowers while in hospital, will qualify. Ministers have also decided

that pre-funded contracts taken oct by working age peo-ple hnt not giving cover until after the age of 60 - will not qualify for relief. Joint hns-band and wife contracts will receive relief even if only one

partner is aged over 60. To qualify under the new arrangements, insurance con-tracts will have to he for acoual or shorter periods. Regulations setting ont the precise range of treatments allowed will be published later this year, but the Inland Bevenue said yesterday that "the general approach will be to allow tax-relieved contracts to cover the full range of hospital treatments available under the NHS, as well as operations and treatments by general practitioners."

EMPLOYEE SHARE OWNERSHIP

Trusts ushered in with a few surprises

EIGHT clansea and an extensive schedule herald the introduction of Employee Share Ownership Trusts. The main features were outlined on Budget day hut the bill sets out the detailad rules which include a number of surprises. The first and least signifi-The first and least signifi-cant is the name of the Chancellor's new creation. In his

Budget speech, Mr Lawson referred to Employee Share Ownership Plans (ESOPs). He has now had second thoughts about "Plan" and has switched to "Trust." So we will presum-ably have to talk about "ESOTs." The ESOT will be a trust set

The ESOT will be a trust set up by a company for the pur-pose of huying shares in that company and distributing them to its employees. Pay-ments made by the company to the ESOT will be tax deduct-the exort will be tax deductihle provided the ESOT is a qualifying trust and uses the money for qualifying purposes. By contrast to the other types of tax-privileged share

scheme, it will not be neces-sary to obtain Inland Revenue confirmation that an ESOT Alan Pike meets the qualifying condi-

which could scupper the com-pany's tax relief claim. The qualifying conditions cover three main areas -trustees, beneficiaries, and the

shares which the ESOP can buy. In defining the class of bene-

ficiaries, the hill follows the strict egalitarian line foreshad-owed in the Budget. Part-timers and those who have not completed a qualifying period of up to five years' service can be excluded (and those who have worked for less than a year must be excluded). But the ESOT must provide for all other directors and employees to he offered shares. The amount offered can be a per-centage of salary or linked to length of service - hut apart from these factors all employees must be treated equally. Precisely the same criteria apply to participation in the existing Revenue-approved

profit-sharing schemes and savings-related share option schemes. Indeed, since direct share transfers hy ESOTs will be liable to income tax, an ESOT will only be tax-effective for the employee beneficiaries if it channels its distributions via one or other of these schemes. Transfers to any other time of text = including other type of trust - including an approved executive share schema - will disqualify the trust and lose the company its relief. If the beneficiary guidelines

are largely as anticipated, the rules for the selection of trustrules for the selection of trust-ees are something of a bolt from the blue. Most surprising of all is the requirement that a majority of the trustees must he employees – excluding directors – who have been "selected by a majority of the employees... or hy persons elected to represent those employees." There is no guid-ance on the method of selec-tion or as to whether employee trustees can be "de-selected" if they lose the confidence of they lose the confidence of their selectors - which would certainly break new ground in terms of English trust law.

Compared with this potentially radical extension of industrial democracy the other appointment provisions are relatively prosaic. There must be at least three trustees resident in the UK, one of whom must be a trust corporation, a solici-tor or a member of another tor or a member of another professional body approved by the Revenue. (They will appar-ently be prepared to approve accountants - it is not clear why solicitors have been sin-gled out for specific mention.) Worker control of the ESOT packs to be put into parameter needs to be put into perspec-tive. The ESOT will only be able to hny shares to the extent that it is financially

assisted by the company and the bill closely regulates the trustees' functions. So the areas of trustee discretion are likely to be relatively few. However, it is easy to imagine circumstances in which the voting power of an ESOT could be crucial, for example in a

contested takeover. Shares to be acquired by an ESOT must satisfy a number of conditions. They must not be ahares in a subsidiary company - there is no let-out for

subsidiaries of qnoted companies as is the case under the approved share scheme legislation. Nor can an ESOT pur-chase restricted shares unless the restrictions are imposed by the articles of association. Finally, the Revenue will want to be satisfied that the Trustees have not paid over the odds for any shares they purchase. Even after these myriad conditions have been fulfilled, tax relief will not be given unless the following time limits are

• The ESOT must spend any money received from the company within nine months after the end of the financial period in which it is paid. which it is paid.
 Sharea acquired by the ESOT must be passed on to the employees within seven years of acquisition.

· The company must claim its relief within two years of the financial period for which the deduction is to be made.

David Cohen The author is a partner in the London law firm of Paisner &

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pay, creating a "black hole" for directors on the accounts basis. 560m in 1990/91. In the example above; pay received after December 31 and before April 5 would not be Richard Waters

CLOSE COMPANIES **Builders and developers** breathe a sigh of relief

HOUSE builders, property investments and subject to tax. davelopers and management buy-out teams are among the main beneficiaries of the close company provisions contained in the Bill and in amendments which are proposed when it goes to committee stage. The abolition of the close

The abolition of the close company apportionment rules aims to end taxation of undis-tributed earnings of trading companies – while retaining it for investment companies – and to remove a lot of red tape. Several hundred thousand commanies are defined as close companies are defined as close - controlled hy five people or fewer - of which only five per cant are involved in invest-

Other business

That earnings level has

been, since 1979, the point at which employees and directors become eligible for tax on pay-

Now, the Revenue points out

that calling such people higher paid "has become inappropri-ate, and can be misleading, since £8,500 is well below the

ments in kind.

cent are involved in invest-ment activity. One clause excludes as an investment activity dealings in land connected with works which substantially increase the value of the land. House huildes and immediated demoles builders and property develop-ers had been worried after the Budget that their land dealing activities would be classified as

Buy-out transactions should be made simpler by a proposed amendment to the Bill which allows companies with only one subsidiary trading com-pany to be considered as a

Plans to amend the Bill to exclude companies in liquida-tion from the investment company net and to give compa-nies 12 months rather than six to decide on dividend distribution policies are seen as minor hut helpful improvements. The

hut helpful improvements. The 12 month period is still less than the 18 months available under the previous rules. Some accountants remain dissatisfied, arguing that legis-lation is too complicated. Pre-vious close company legisla-tion was not a problem for most trading companies and the need to propose amend-ments suggests it is already too complex, they point out.

Charles Batchelor

CAPITAL GAINS TAX AND INHERITANCE TAX An end to posthumous tax planning

A RECENT report* hy the Institute for Fiscal Studies con-cluded that the taxation of gifts and death is something of an irrational mess. The Finance Bill contains two particular measures affecting that mess, both of which will neces-sitate a review of existing tax planning arrangements.

Since 1971 capital gains tax (CGT) has not been charged on death. Assets are inherited at their market value on death Nobody would suggest that tax should be forgiven on income accrued before death, so why should tax on accrued capital gains?

Superficially an answer is that, on death, inheritance tax (IHT) is payable and, since 1988, the single 40 per cent rate of 1HT has been the same as the top rate of CGT. That answer does not, however, bear closer examination.

First. CGT and IHT are taxresources ing different things: CGT taxes that part of the return on investment represented by the Royal Assent (which will be around the end of July), the use of such deeds will be increase in its value: IHT taxes transfers of wealth from one

person to another. Second, IHT is essentially a voluntary tax which hits those unfortunate ted in three cases: first, where enough to die unexpectedly and those who do not trouble to plan for their death.

The CGT exemption on death is unaffected by the Bill. The IHT nil rate band is increased from £110,000 to £118,000. The major restriction to tax planning on death, how-ever, relates to deeds of varia-tion. Such deeds have allowed the beneficiaries of an estate to rearrange its disposition in a tax efficiant mannar within two years of death. Their advantage lay in the ability to plan against a known set of family and tax circumstances. In particular, a deed could be used to ansure that assets passed to the younger genera-tions of a family where it was apparent that the older genera-

there is a disclaimer of benefits under a will or on an intestacy; second, pursuant to a Court Order making adequate provi-sion for the deceased's depen-dants; and, finally, where the variation is to make such provision as could be ordered by the Court. There are likely to be few occasions when a dis-

claimer will have a tax planning use. An alternative to a deed of variation was a discretionary will. Under such a will, the executors had a discretion as to the distribution of the estate within two years of death. Such wills were left unaffected by the Budget, hut the Finance Bill ensures that they will no longer be effective for tax pur-poses and may be positively disadvantageous. Similarly, tion had no need of further gifts to individuals to distrib-For deaths that occur after ute according to a letter of wishes will be treated as a gift to that person rather than to the ultimate recipient.

individuals will now have to

be more prescient in their arrangements. It will no longer be possible to imagine that any flaws can be put right after death. Existing wills should be reviewed. Discretionary wills must be reconsidered immediately and probably redrawn.

With the limitation on post-death-hed arrangements, lifetime planning assumes a more important rola. The Finance Bill, however, limits planning as well. Before March 14 1989 an asset could be given away without incurring an immediate Capital Gains Tax (CGT) charge. Broadly, the gain that would otharwise have arisen was held over until the recipient himself disposed of the

On and after March 14 1989, gifts will attract an immediate CGT charga based on their market value. Hold-over relief continues for certain business, agricultural and heritage property, including shares or securities in certain trading companies and groups, for gifts to political parties and gifts on which there is an immediate

IHT charge This final category of gift would usually cover the cre-ation of a discretionary trust (where distributions are at the trustees' discretion) or gifts to a company. Such gifts will still attract hold-over relief even if they fall within the IHT nil rate band or the IHT annual exemption of \$2,000. Where hold-over relief is not

available or is not claimed on a gift of land, of unquoted shares or securities or of controlling interests in companies, the tax may be paid in 10 equal yearly instalments. Interest will, however, be payable on outstand-

ing instalments. Those not wishing to create discretionary trusts, but prefer-ring to make lifetime gifts, may consider using cash or property on which (after index-ation relief) no gain arises or where the gain is covered by the annual \$5,000 CGT exemp-

tion. It is likely that the creation of discretionary trusts, espe-cially those with property ini-tially worth less than £118,000

but which is set to increase in value, will become a more frequantly used tax planning technique. This is especially the case since discretionary trusts can often be converted into other types of trusts with-out incurring a further IHT charge.

However, a CGT charge may now be incurred where trust property is transferred into a new settlement or a settlement comes to an end. Children's accumulation and maintenance trusts, under which a child obtains the trust assets abso-lutely on or before his 25th hirthday, have been widely used in recent years for their HIT advantages. A CGT charge may now arise on transfer of the trust assets to the child.

Malcolm Gammie

The author is a partner in Linklaters & Paines, the London solicitors.

*Death: the unfinished business, Institute for Fiscal Studies

iTS OFFICIAL: 28,500 a year no longer qualifies you for the title "higher paid," at least in the opinion of the Inland Reve-nue, writes Peter Martin. national average for full-time earnings

. . .

So the Finance Bill drops the phrase "higher paid," hut keeps £8,500 as the threshold. The Inland Revenue hints that this is unlikely to change: "This threshold has applied since 1979 and the Government have at no time songht to increase it, since in principle all employaes should pay income tax on the whole of their earnings, whether received in cash or kind."

THE CUSTOM of hlending "Made wines" of hiending "made wines" of different duty strengths is to be prohibited in the UK following complaints to the European Commission from the Spanish Government, writes Lisa Wood. "Made wines", generally called British wines, are made up in the UK from imported grape must. Big producers include J. Mather, a subsidiary of Matthew Clarke and Vine Product & Whiteman part of

enables producers to average out prices. Mr Tony Grayson of J. Mather said profit mar-gins had heen slightly affected, but there had been modest price increases since Products & Whiteways, part of J. Mather stopped the blending of wines of different duty paid Allied Lyons. Spanish drinks manufacturstrengths.

ers claimed UK Customs rules ers claimed UK Customs rules discriminated against their products after the prohibition in 1985 of the practice of duty paid blending of imported wines. Duty paid hlending of different wine strengths enables wondware to average pril 1988 saw the merger of Systems Designers and Scicon, creating one of the largest European software systems and services groups, with more than five thousand staff in over fifty offices worldwide. Now, barely a year later, the combined strengths and complementary skills of our staff have been fully integrated, resulting in a major force in our industry.

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> In portnership with Bull, the major

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manufacturer, we ore eveloping the reservation ond

administration systems for the new Opero Bastille in Paris, to be inougurated during this year's celebrations of the Bicentenory of the French Revolution.

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FINANCIAL HIGHLIGHTS 1987 1988 £'000 £'000 221,565 83,644 Turnover 15,386 **Operating Profit** 8,367 **Profit Before Tax** 13,354 7,363 Earnings Per Ordinary Share 4.01p 3.84p **Dividends Per Ordinary Share** 0.75p 0.65p

Extract from the Accounts for the year ended 31st December 1988 which contain an unqualified audit report and which have not yet been filed with the Registrar of Companies. Earnings per share have been adjusted to take account of the rights issue in April 1988. The past is not necessarily a guide to the luture.

Our 1988 Annual Report will be published in mid April. For a copy, please contact the Company Secretary, SD-Scicon plc, Centrum House, 101–103 Fleet Road, Fleet, Hampshire GU13 8NZ.

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tive vice president, explained in Washington last week; "Many African countries suffer

than elsewhere." According to Keith Norman, who has been responsible at

the IFC for bringing the idea to

mance of the IFC's own invest-

lopment finance bodies.

But as Norman says:

MANAGEMENT

aolo Fresco is about to enjoy his first really relaxed weekend since October. As the person who launched the idea that his company, the giant General Electric of America, should forge several joint vectures with Britain's GEC, and who conducted much of the negotiations in person, Fresco is delighted that contracts were finally signed yesterday.

12

The three long months of detailed negotiations since the alliances were first "cut", as he puts it, have been less frenetic than the week in mid-January which culminated with agree ment in principle between the two partners. Then he managed to snatch only 10 hours'

sleep in six days. The strain goes back to last autumn. Following discussions between GE and GEC in mid-1988, things began to get really hectic from late October with Fresco and his colleagues having to play what he calls "a multi-dimensional chesstrying to aoticipate game. possible moves by every inter-ested party in the future of GEC, Plessey, and the whole European electronics industry.

There has been no more mid-night sessions since January, but there have still been heavy pressure points. "Every time you're in the middle of something like that, you think there's a crisis," Fresco says. "But the GEC deals have been less complicated than others I've worked on."

There have been plenty of those. Under the prosaic title of senior vice-president international operations, Fresco has become very much GE's global alliance maker over the last few years, as the US company has manoeuvred furiously to escape from the North Ameri-can isolation of most of its husinesses, and to build leading global positions in them.

A tall, tough Italian of 55 who moves - and talks - with all the eoergy for which his mother country is famed. Fresco has prospered under the chairmanship of "neutron Jack" - Jack Welch, the man wbo has transformed GE from a worthy engineering hlue chip to one of the world's most entrepreneurial and controversial conglomerates.

Over the past few years Fresco has negotiated (and often belped initiate) scores of alliances for GE, as far apart as Europe and Japan, taking in South Korea, India and Saudi Arabia. He has also acted as chief negotiator in such major deals as GE's 1984 sale of Utah international, a US/Australian mining company, to BHP of General Electric The alliance-maker

Paolo Fresco, the man behind yesterday's deals with GEC, talks to Christopher Lorenz about his global role within the US group

Australia for \$2.3bn, and the 1987 swap of GE's \$3bn con-sumer electronics business for the medical systems interests of Thomson of France.

Working closely with Welch himself, with the two vicechairmen in Welch's Connecticut corporate executive office, and with the US-based heads of GE's 14 constituent businesses, the London-based Fresco says "my joh is to be the eyes and ears of GE around the world. If l spot an opportunity, I say 'let's do something'."

This applies as much to the reinforcement of sales efforts in particular husinesses and divisions as to the launch of new alliances and takeover bids. A few years ago, for instance, Fresco prompted GE's very US-focused defence division to accelerate a sales drive in the Far East. In Europe, be sparked the establishment of a special regional organisation to develop GE's medical systems husiness - a move which helped more than triple European medical revenue in two years, and paved the way for the Thomson swap. Fresco calls the latter aspect of his job "the management of transitions." Whether it be the

nurturing of medical systems, or the hushanding of GE's European factory automation interests until they were either sold or put into joint ventures, he says "I fill vacuums. All these assignments are temporary - once they are complete, I get out of the way." With his additional responsi-

bility of representing GE to governments and other "constitnencies" in 16 countries around the world - mainly major developing nations -Fresco's life is exceedingly jetbound. "Last year I was in the UK for only 112 days," be says. His wife feels the travel load has grown worse in the last three years, since his responsihilitles were enlarged to include the Far East, and since GE's global alliance push really got under way. This not only involves visits to the potential partners, but also more transatlantic travel. "If I come np with ideas such as doing a mega-deal with GEC, I have to talk with lots of GE people in the US," says Fresco. "Phone calls are not enough."



than others I've worked on"

Another occupational hazard arises from the unusually sensitive role of Fresco's 55-person unit within the GE organisation structure - there is plenty of potential for upsetting the business heads. In additioo to 11 business development, planning and other executives based in London, his staff includes 35 people in developing countries, as well as a seveo-person husiness development unit in Tokyo, Two years ago, when Fresco had line responsibility for more GE "transitions" than at present, he bad a good 1,000 people under him - the complement fluctuates according to com-

mitments. "Reactions to us vary," he says. In dealing with GE col-leagues, he and his staff have to deploy what he calls "the authority of knowledge, rather than organisational authority." In some cases, such as his defence initiative in the Far East, friendships with execu-tives in the relevant division made things relatively easy.

But when he initiated the establishment of Madical Systems Europe, the division back in the US "was not so enthusiastic aboot this 'splin-ter group', But success reduced

the friction," be says. The relationship with new-ly-established joint ventures has to be handled particularly carefully, Fresco will be one of GE's representatives on the hoards of the GE-GEC ventures, together with the rele-vant business heads from the US. But informal relationships will be more important, he says.

The extent of his own involvement is something of an open question. "For me, tha ventures will very quickly become past 'transitions'," he says: "I expect to be personally involved for only a year or so." But he adds quickly that "I will be the main GE actor in defin-ing European expansions" for the ventures - which is, after all, one of the main purposes of their existence. To the blunt question of

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have carried out with great effect - Fresco is emphatic that joint ventures should be "win-win" relationships, which really benefit both sides. This is in spite of his Italian lawyer's training, which taught him to try to get the shirt off the other party's back.

whether GE and/or GEC may

try to use the ventures to bene-

fit at the expense of the other -a hidden agenda which other international alliance partners

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Lawyers must take part of the blame for making alliance negotiations so nerve-wracking, says Fresco. "They try to resolve future difficulties today by introducing contention. They ask what will happen six months from now if one partner tries to do the dirty on the other.'

For other reasons, too "Tve never seen a deal that might not collapse at the last minute," Fresco continues. The ini-tial agreement in principle sometimes prompts a competi-tor to react, and the inevitable negotiations over fine detail frequently flush out new facts -either about the other party, or about oneself.

Just such a development since January was GEC's real-isation of the difficulty of sep-arating its West German medical systems husiness - which both sides had planned to put into a joint venture with GE from its Picker subsidiary in the US, which is remaining independent. Hence the conver-sion of the GE-GEC medical

systems venture into a straight sale of GEC's UK business to Naturally enough, Fresco refuses to comment on whether GEC's general reputa-

tion for putting short-term financial gain ahead of long-term benefit is justified. and could interfere with the joint ventures in the future. "Only time will tell," he says, going out of his way to praise GEC's tight financial targets and good profitability. But Fresco does stress GE's own view that alliances are valuable "not for what they

hring in the next two years but by the year 2000. There are people who ask 'is a particular alliance going to create a dilution next year?' - that's not our mentality Having found a strong UK

partner, Fresco says GE still needs to take four or five further steps to strengthen itself in the rest of Europe. "I've been unhappy to see the months going by without prog-ressing them," he says. Now he'll have time to take the plane to Paris, Frankfurt or wherever.

The post-colonial prefer-ence of African coun-tries for the state to guide most areas of economic They will attempt to return companies to prolitability and train African managers to take their places when they leave. The shareholders in the vanactivity is on the wane. Encouraged by the Interna-tional Monetary Fund and World Bank, many countries in sub-Saharan Africa now appear to be convinced that there are ture are the IFC itself, various national development funds, the African Development Bank and, most significantly, westbenefits to be gained from a more vigorons private sector. Statist policies have, how-ever, impoverished the private sector, starving it of resources and talent. From the poor farmer, whose livelihood has farmer, whose livelihood has been threatened by food prices artificially held down for the benefit of the urban poor, to the would-be entrepreneur, who faces foreign-exchange shortages, electricity brown-outs, imposed prices and gov-ernment interference, the task of revitalising private enter-

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Africa's private sector

of revitalising private enter-prise will be a tough one. Well educated Africans have been attracted to the public Africa. One problem AMSCo will not sector in many countries, while more than a decade of economic decline has intensihave to face is a lack of demand for its services. As Sir William Ryrie, the IFC's execufied a brain drain.

Daunting

from a shortage of highly trained personnel. There isn't a lot of experience in running Many African countries suffer daunting infrastructure problems. On top of that, poor management is widespread. companies and there seem to be more management problems in that region of the world The apparently simple task of getting goods that people want at prices they can afford is not so simple in an environment of poor financial management. non-existent cost control, no sales forecasts, limited techni-cal competence and an inabilfruition, the seeds of the idea were sown by the poor perforlty to explore market condi-

ments in Africa. It was an experience shared by national But in a culture where management skills are undeveloped, where do they come from? The International Finance Corporation - the pri-Studies in eight countries alone suggested 70 good candi-dates for AMSCo among its vate sector arm of the World Bank - has been working shareholders' own investments in companies with between 100 towards one possible answer, and 1,000 employees which it hopes will help accom-plish at the company level what the World Bank and IMF AMSCo's target size. Since the project is deliberately starting small, this would be enough to have been trying to do at the keep it going for at least five economy level.

The idea is a profit-making company called the African "Demand is there from the Management Service Company, or AMSCo, which was launched yesterday in its new sponsors but we can't close the door on others." These others might include state companies, beadquarters in Amsterdam, and candidates for privatisa tion. In Madagascar alone, for example, there are 320 state where it enjoys a tax-free environment.

Through management con- enterprises, including the

Nurturing a profit motive Stephen Fidler on an initiative to raise management standards tracts, AMSCo will provide skilled senior managers, usu-ally with experience in Africa, to run African companies. says. would just be impossible to exclude the state sector," be

Nevertheless, AMSCo will Nevertheless. AMSCo will not brock government interfer-ence, inless it is to set the broadest guidelines. "We'll take a very long cold lask at each company and make a very thorough diagnosis. The fact that it may be politically or socially desirable won't be relevant. What will be relevant in whether a company can and more social social to companies, of which more than 40 have already signed on. From these companies is expected to come the management expertise to

renovant. Whit will be renovant is whether a company can operate at a profit." AMSCo, which will also run specialist training courses. should be available to deliver other advantages. Many Afri-can companies have little conits start-up capital will be \$7m with a further \$14m avail-able in the form of loans or grants for those wishing to use can companies have little contact with the outside world and their access to capital is highly restricted. If the project works well, contacts abroad, co-opera-tion on technology and some foreign investment from AMSCo shareholders could be potential by aradiacts. The link with the African Doublement Bank is a first own AMSCo's services, AMSCo will operate under the umbrella of the United Nations Develop-ment Programme, which will give it tax-exempt status in

Development Bank is also seen as important. There is a lapacy of anti-colonialism in Africa and a mistrust of western com-panies, particularly multina-tionals.

Sidetrack

Bringing in western experts from companies thrown out of Africa 30 years ago would not be good politics, whereas the ADB imprimatur gives the project an African flavour. In any case, AMSCo will only operate in countries with gov-

ernment agreement. The AMSCo project starts with a personnel of about half-a-dozen. Its operations will be a drop in the bucket when com-pared with the totality of the prohlems' facing the African

private sector. Doubts too will centre on the cost effectiveness and usefulness of using expatriates in Africa: AMSCo says it will only use managers with African experience, but the question of whether the highest quality western executives will want to sidetrack their careers by going to Africa will remain an important one. Others question whether it would not be more cost effective to establish local management courses.

Supporters say that return-ing a company to profitability will more than pay the costs.

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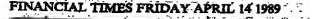
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FINANCIAL TIMES Analysts agree that the scale of potential.

development in Leeds goes beyond any conventional

ripple effect in the UK economy. This bodes well for the city as it continues its bid to attract major companies and professionals, writes William Cochrane

A rapid rise in regional status

WE ARE LOOKING at a It would also, given the scale of possible change of role, to Leeds the super-city, Leeds the capital of the North." Manches-ter may have something to say about this. But Mr Martin Eag-land, chief executive of the Leeds Development Corpora-tion, has more than sentiment on his side:

Property men, city fathers, financiers and builders say that the scale of potential development goes beyond any conventional ripple effect in the UK economy. Office, retail and major mixed development als reflect wealth, excellent road and rail communica-tions, and ample land resources.

According to Mrs Jean Dent, of the Leeds City Council's department of industry and estates, Leeds started 1969 with started 1969 with stock, and 5%m sq ft of retail space in its central bisiness area. However, there are pro-posals for another 2m sq ft of offices, and nearly 800,000 sq ft of retail space in the centre, some of the retail development replacing the existing shopping

This, more or less, would allow the city to keep up with the economic recovery, boosted by booming demand from pro-fessionals such as accountants and solicitors for office space.

developments proposed by local developers like Mountleigh Northern and Town Cen-tre Securities (650,000 sq ft and 400,000 sq ft of offices, respec-tively) allow Leeds to attract companies looking to relocate phins. ir headquarters in the city. In January, another local developer, Evans of Leeds,

received the green light for its most significant development to date when Mr Nicholas Ridley, the Environment Secretary, gave the go-ahead for its White Rose Centre, a £100m edge-of-town shopping and leisure complex on a 91 acre site in south Leeds, close to the M1 coming from the south, the M62 crossing the country from east to west, and the M621

spurring off the M62 for Leeds With the prospect of head-guarter offices and a true regional shopping centre in the White Rose, Leeds could argue

for regional status. But it now has a chance of a national attraction in the scheme proposed by Triple Five for a gigantic combination of com-mercial, retail, residential and ancillary space, the latter including a theme park.

Triple Five builds big, and thinks big. It is famous for its West Edmonton Mall in Alberta, Canada, with its 4m sq. ft of shopping, incorporating a 394,000 sq ft Fantasyland fun-park – the latter taking in a wave pool, white knuckle roller lead to indigestic mercial market.

be that the depth, and expericoaster, submarines and dol-A year ago, it was planning

something even bigger: a proj-ect stretching to 10m sq ft called the Fashion Mall of America at Bloomington, Minnesota.

CONTENTS Industrial units

Homes Profiles: Bovis: Helical Bar: Evans of Leeds

Bloomington has a popula-tion of only 80,000, but Mr Maurice Sunderland, the architect who designed West Edmonton Mall, told an international conference in Geneva that there were 33m people within 200 miles of the town.

It is believed that the com-pany looked at other prospec-tive locations in the UK, and in northern Germany before it settled for Leeds. The latter is excited - if also a little wor-ried. - since Triple Five's plans apparently include 3m sq

ft of office space which could stion in the com-In this atmosphere, it could

ment in the city could serve it Mr Mel Burrell is chief executive of the Leeds City Devel-

opment Company, spun off by the city council in partnership with Mountleigh and Bovis

demand," he says. "Look at Glasgow, or London's Dock-lands. It's all about promotion or selling."

Evans

The latter, for instance, has

Urban Renewal. He says that Leeds is currently down the league from Birmingham and area, and the Leeds Develop-ment Corporation (LDC) to put together a joint scheme with Manchester in terms of office space per head of population and thinks that its present dustrial units. impetus could take the city a

"I believe that, given the ppropriate strategy, Leeds has the basis to actively increase its attractiveness, and levels of

Mr Burrell observes that while Leeds is seen as "ok" by outsiders - Prudential Assurance and the P & O Group, Bovis's parent, are names that come immediately to mind the reason why schemes by local developers are so prominent is that most of its investment to date has been internal, from groups like Mountleigh or

igns on Hunslet, which was the heavy engineering centre of Leeds. Mr David Helliwell, group estates surveyor for Evans, describes it as "a mess of old, run-down industries ther with small compani the latter doing well in old property and really needing etter accommodation Evans is working with Vick-ers, a major landowner in the

DS PROPERI

the city council to develop the whole area, which looks right at the moment for good quality Statistics for the industrial sector cover the Leeds Metro-

politan area, or 217 sq miles. These state that total occupied industrial space was 44.1m sq. fi towards the end of last year, with covered warehousing adding another 32.3m sq ft. The area has 465 hectares (1,127 acres) of land available for industrial development of which 64 hectares (158 acres)

has planning permis The city council's Mr Chris Tebbutt says that the latter is roughly equivalent to 2.27m sq ft (211,000 sq m) of develop-ment and that construction started in 1988 on 1.19m sq ft (111,000 sq m). He adds, however, that an unidentified proportion of the latter would be development for business, or masi office use rather than for

straight sheds. Mr Adrian Horner, of agents Weatherall Green & Smith, takes up the point. He says that there is a desperate need for the industrial development now in the pipeline.

"There are no industrial buildings around," he declares, noting that rents are comfort-ably established at £4 a sq ft and moving higher, adding that the hinterland south of the city, with its established motorway connections, looks ideal for further development

A recent paper from the firm says that the area around the 62/M1 intersection at Wakefield and Normanton has seen dramatic developments during the past few years; in all, some 1.5m sq ft of space has been built there during the past 18 months, with more buildings already started and much more land available,

So while inner city decay is self-evident, where it exists, developers moving into Leeds are advised to remember that this is a strong, mixed econ-omy. "Unlike some urban development corporations, we don't have large tracts of dere-lict land," says Mr Eagland of the government-sponsorad LDC.

Where it does, he could see a new village for Hunslet on 50 acres. The LDC is also putting a lot of work into an environmental improvement pro-gramme, of which the first phase has been completed. "We have just planted 96,000 trees," says Mr Eagland, "with the biggest concentration in the south central area."

Under the present circumstances the depth and experience

of public sector Involvement in Leeds

could serve the city well

Leeds, of course, is located ust south of some of the most beautiful country in the world, the Yorkshire Dales. Together with the increasing properity of the city, this has forced np the cost of living and working

there Mr Neil Brown, a partner in the property department of local solicitors Hepworth & Chadwick, made the move from London himself and likes

In a professional's overview of the property market in and tunity.

Leeds city centre (far left) and a redevelopment of a warehouse which now houses several companies. Elsewhere in the city, builders are turning their ettention to previously nfashlonable area

around the city, he notes on residential property that up to two or three years ago, Lon-doners were able to move to Leeds and buy a substantial country property at a price equivalent to the sale value of a two-bedroom flat in Fulham.

Quite a number of people in the commercial and profes-sional offices in Leeds did so," he says. "However, the position has now changed dramatically and, in the most popular locations, quality property has become extremely expensive. Certainly the differential with London has largely evaporated."

It is not roses all the way. Mr Brown's competition, in the shape of Mr Michael Sleath at law firm Simpson Curtis, says that the city centre is just too

"For a city which claims to have overtaken Manchester in terms of financial and service sector business," he says, "Leeds is sadly lacking in the essentials of modern day life, such as convenient car parking, botels and even a more decent choice of quality restaurants for businessmen's lunches - a fact often lamented to me by surveyor colleagues who know about such things!" Surveyors, and their clients may care to explore the oppor-







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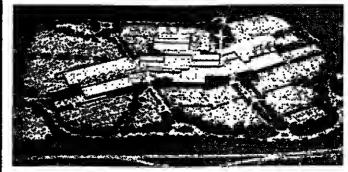
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RETAIL DEVELOPMENT



The White Rose Centre A 91 sore sits in South Leeds with planning mt for a £100M regional shopping and leisure centre close to the M1, M62 and M621. Plans for The White Rose Centre include 650,000 sq ft of shopping space, a 200 bedroom hotel, multi-screen cinems and parking for 4,900 cars.

For further information please contact Mr G. L. Best or Mr D. A. Helliwell (0532) 711888.



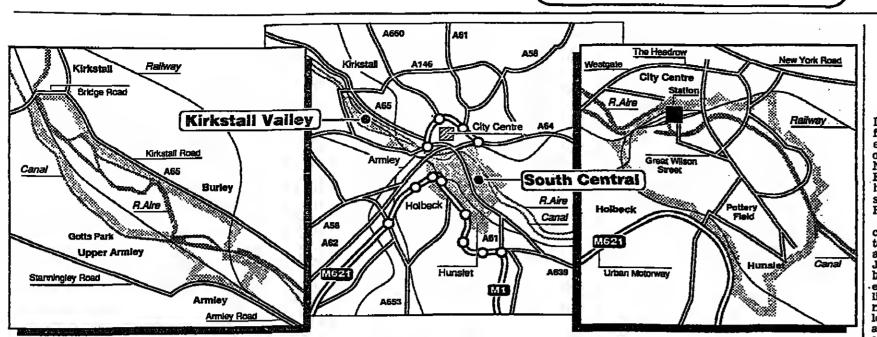
INNER CITY INDUSTRIAL DEVELOPMENT

Apex Business Park Phase I - six units totalling 27,000 sq ft of mid-tech business accommodation recently completed and now let or under offer. Phases II and III to commence shortly.

Albion Park Armley Approx. 250,000 sq ft of industrial, workshop and office space close to Inner Ring Road.

A number of other schemes to produce in excess of 350,000 sq ft of space are also planned for the inner city area.

LEEDS PROPERTY 2



William Cochrane on plans to regenerate vast tracts of urban land

Business oriented public sector

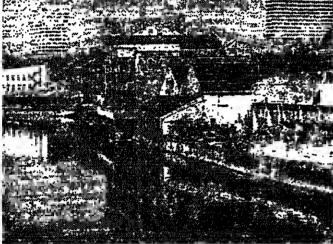
THE PUBLIC SECTOR is making its impact on the Leeds property scene in more than one way. A new mini urban development corporation represents national government and, stemming from an active local authority, there is also an entrepreneurial combination of public and private sector inter-

Central government hrought in the Leeds Development Cor-poration, a mini UDC given a life of five years, and launched last June to regenerate some 950 acres of under-used land in South Central Leeds, and 380 acres in the Kirkstall Valley, west north west of the city centre.

Three months earlier the local authority had launched the Leeds City Development Company, in partnership with Mountleigh and Bovis Urban Renewal, supported hy the council's own department of industry and estates. The LCDC, too, was aimed at urban regeneration, but it has more than 200 square miles of Leeds metropolitan area to pitch into.

The industry and estates department had been pushing Leeds hard as a commercial and industrial location since it came out of recession in 1986, and had its strategy well in place by 1988, says Mr John Ansbro, the department's senior assistant director. But LCDC added non-political mus-cle, with an investment budget of £400m.

There have been suggestions that the LDC and the LCDC will get in each other's way. However, one is a planning authority, the other is a developer, and planners and devel-



Part of LDC's inner city regeneration programme

planning application which would take in retail space of up to 245,000 sq ft gross, up to 350,000 sq ft of business park are specific aims which indicate that it has got down to detail. These include: "To facilitate the expan-

sion of the city centre south of the railway viaduct, and to encourage the breaking of this uses and up to 300 units of housing. This, he notes, would take place on the site of a redunpsychological and physical bardant power station, together

rier,' "To pursue a case with the with a now-demolished printing works, "It's a difficult site," he says. Department of Transport, for the provision of a direct link between the northbound car-"It needs flood prevention meariageway of the M621 motorsures, a new drainage system, reclamation and land model-ling; it has fairly substantial way and the southbound carriageway of the M1.

These recognise that (a) Leeds city centre has been a tight little area, constrained not only hy the railway hat by achieved if one glant scheme long period of time. Here, it is a different story.

Triple Five, the Canadian developer famed for its mega-comhination of retailing and leisure at West Edmonton Mall, has chosen a 100 acre, south Leeds site for its first European venture.

This would comprise about 3m sq ft of offices, 2m sq ft of retailing, 5,000 homes, a 1,500 bed botel and theme park, and a 250,000 sq ft trade and exhibi-tion centre. Triple Five presented its outline proposals on March 20, and the local authority has 30 days in which to reply.

However the Triple Five scheme turns out, says Mr Eag-land, he is confident that the LDC will have a major success story to tell in three or four years' time.

Mr Mel Burrell, who helped set up the Teesside and Shef-field Development Corporations when he was with Coo-pers & Lybrand, is the chief executive of LCDC. He seems to be enjoying his role.

If we were running a small development company," he says, "we would be in just a few schemes. In this company we are in about 40, with a share in each. We don't have to specialise in a sector, we go into different schemes with different developers, and in different ways.

Triple Five is looking to turn access requirements, and there the development process on its head, says Mr Burrell Normally, he explains, the devel-

"They are saying that they will do an enormous scheme it the planners promise to use

their enormous land acquisi-tion powers, give a binding commitment to get the land and make the development happen. This thing is huge," he says. "It's all or nothing."

Depending on one's source, the development corporation has anything between 75 per cent and 90 per cent of the tar-get land within its remit. It will have to take account of 120 sites within the area already occupied by companies - most of which, presumably, would have to move elsewhere - and a lot of other development pro-

posals already existing for patches of the site. "These would have to be stopped," Mr Burrell notes.

Like others, he sees the advantages. "It would change the economic base of Leeds, which would become a Europe-an-renowned city - for what-ever reasons," he observes. But the 3m sq ft of offices in the scheme disturbs property pro-fessionals in much the same way that Canary Wharf, the massive office scheme in Dock-lands, in London's East End, threatened the City of London

from three miles to the east. "There must be a question of oversupply," says Mr Burrell, "In Leeds lately, development

Professional appeal very long and arduous negotia-tion. I think the planners are pleased with it, and we are very pleased with it. When you alter magnificent, listed build-LEEDS HOUSE PRICES

OFFICES

LEEDS DEVELOPERS were fully tested when a major client came looking for a big office and could not find it. Now the structural steel of The Embankment, the first Leeds huilding to offer over 100,000 square feet, towers above the **River** Aire.

But Mr Roland Stross, a chartered surveyor who teamed-up with a builder and an accountant to form St James Securities, the group building The Embankment, emphasises that it will not look like the Asda HQ across the river. In fact, it is not meant to look like any one huilding at all, but like a street with different windows and different brickwork.

"Leeds is the location people "The next 12 or 15 months will see increased rental want to move to hut there was no huilding large enough for growth because there will be a the sort of companies we want supply shortage. Even solici-tors and accountants are seekto attract. We want to create the largest floor area on one ing up to 100,000 square feet. floor but, outside, we want it to look as if it was five different New companies are coming and we have major governbuildings. We want to retain Prince Charles's personal feel, ment departments from Lon-don looking at Leeds." a buman scale. An important feature of all

"The Embankment, costing 530m, will not be West Yorkthis is that the Leeds business district between The Headrow shire's higgest development for long. Up river on the other side of the railway station, Town and Wellington Street is a brick built conservation area Central Leeds's current show-Centre Securities plans 400,000 sq ft on the old SR toothpaste factory site. Further up river still, ou the western edge of central Leeds. Mountleigh Northern Developments has planning approval for the £100m Citygate, which will offer 650,000 sq ft.

Mr Geoff Goodwill, the managing director, says Citygate is one of several sites being considered for a 400,000 sq ft office relocation; he has had inqui-ries for 300,000 sq ft and 250,000 sq ft. "It will need a substantial pre-let to get the show on the road but 100,000 sq ft could get

City Square may be domi-nated by Sixties huildings, but the city planners are turning back the tide. Evans of Leeds year and rents in the new Westgate Point building have

has stripped off the cladding of Minerva House and is giving it Barraclough of estate agents a new overcoat. and surveyors Bernard Thorpe, rents were under £1. By 1973 they had doubled, thanks to Securities has received permis-sion to refurhish the brick demand from the city council and other public gronps. A bank fed boom in the late 1970s in the heart of the conservation area, and add new offices behind. Mr Edward Ziff, a made Leeds the first provincial director of Town Centre Securi-

sq ft and brought in the devel-opers. But the Government's

('000) Range ings or want to add to them, it Back-to-back £18-35 becomes a very political dis-cussion." 2/3 bedroom small through terrace 225-45 Larger through terrace Leeds people are protidient the accessibility of their city centre, even if the road scheme 240-50 bedroom semi £40-60 3 bedroom detached £70-100 frighten visitors. But conges bedroom semi £70-100 tion is growing and parking is restricted: new offices can offer 4 bedroom detached £150+ Source: Mawson and Walton only one space per 1,750 square

LEEDS OFFICE RENTS

(SQ FT)

Source; Semand Thorpe surveyors

Meanwhile, Town Centre

built Nos 7 and 8 Park Square,

ties remarks: "It has been a

£1.75

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FINANCIAL TIMES FRIDAY APRIL 14 1989

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stantial inquiries "but we have not got the buildings. Quite a few are coming-out of the ground but what everybody So, against initial opposition from the council, there are now husiness parks outside the centre. Just to its north is will find is that they have been Northside, to its south Central Park where Unisys is a tenant and the latest rents are £10.

Further out on the southern ring road, Arlington Business Centre, a. wast, glass building that belonged to the Systime computer company, is housing Natwest's Switchcard opera-tion and the AA's information service HQ. It has also attracted Barclays and two companies involved in satellite television. Rents are reported to be up to £11 a sq ft.

On Leeds's eastern approach a consortium called Acorn is establishing a business park at Killingbeck. On the northern ring road is Evans of Leeds' Lawnswood development where the first 40,060 sq ft will be available in September.

Mr David Helliwell, of Evans of Leeds, comments: "Leeds's biggest problem is lack of parking with office access. Among companies that do not need to be in the centre, there is a strong demand, for quality buildings in a pleasant envi-ronment with ample car parkpiece. Westgate Point, which rises like a Burmese pagoda from an island site at the end ing. Lawnswood has easy of The Headrow, is built of the required bricks and slates.

ing. Lawnswood has easy access, and executives tend to live north of Leeds. We will be on a par with city centre rents of £12 a sq R plus." Mr Richard Lewis at Elliotts is not so sure. "If you push up rents too far, people are going to start looking at other areas." Weatherall, Green and Smith noints out that the business points out that the business parks are small. "What the region needs to ensure continued economic development is a major business park on the lines of those now familiar in the south.

David Spark

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us up and running." A record 400,000 sq ft of offices was let in Leeds last

reached £12.50 a sq ft. Back in 1970, says Mr Ian

city to reach £5 a sq ft. That compared well with building costs of around £28 a

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LEEDS PROPERTY 3

Shortage of land is forcing builders to turn their attention to unfashionable areas

SHOPS **Buoyant sector** moving upmarket

THE SHOPPING precinct between Briggate and Vicar Lane where Mr Jimmy Savile began his career, as barker for the Locarno ballroom, is being returned to its turn of the cen-tury glory. "All this horrible Sixties stuff will vanish," said a spokesman for the owners, Prudential "We are bringing the mahogany back." The County Arcede,

The County Arcede, ssigned by the architect of the London Palladium, Mr Frank Matcham, is now being transformed into the Victoria Quarter at a cost of around from the project manager. "We are trying the impossible; to refurbish with most of the tenants still trading." he tenants still trading," he added.

The pomegranates, the fig-ures of Justice and other virtues are respiendent once again on Mr Matcham's theatrical ceiling and friezes. Today's strident shop signs are giving place to the narrow, understated nameboards of yesteryear. Only six of Mr Matcham's mahogany shop fronts remained: more are being made by GF Joinery of Brigh-

Italian tiles are being laid to a design by Ms Joanna Veev-ers. Mr Jim Horrobin is restoring the gates. One of the largest stained glass windows in Europe, designed by Mr Brian Clarke, will adorn the glass roof being built over Queen Victoria Street, between the County and Cross Arcades. The roof will also protect the street's terracotta work, a popular embellishment a century ago. It does not weather we Mr Stroud points out, but it is

now being restored. This is not the only scheme in Briggate, Arnchiffe Holdings has just bought the Greenwoods shop there for refurbish-

All this goes to show that Leeds is re-emerging and moving up market as a shopping centre. In the Headrow, on a site backing on to the city's prime, pedestrianised shopping pitch, Tarmac and Clayform are building the Schofields Centre, comprising about 50

new shops and a food court totalling about 42,000 sq ft on the site of Schofields' depart-

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ment stor Beyond Vicar Lane, the Dutch developers MAB await the Secretary of State's consent to 450,000 sq ft of shopping plus a bus station on the site of Kirkgate Market.

Mr John Garner of the Nor-wich Union, which has built 30 shopping centres up and down the country and proposes to put 2130m into Kirkgate, says: "We identified the commercial property boom taking place in

Specialist shops are making the running, as opposed to fashion and footwear. At the moment there is a blip throughout the country but higher mortgage payments have not affected disposable incomes as much in the north as in the

south

Leeds and got in before the

Near the motorways on the south side of the city, the Norwich Union is putting £20m into the Crown Point retail park, which opens this summer with Fads, Texas Homecare, Allied Carpets and Boots Children's World among the tenants

Further south still, the Secretary of State has declared a proposal by Evans of Leeds, the 650,000 sq ft White Rose Centre near Morely, the winner in a contest for an out of town shopping scheme comprising shops, a hotel and a cinema. "Three million people are within half an hour's drive," says Mr David Helliwell of Evans. He thinks White Rose won because it is a regional centre, rather than a scheme which sought to compete with

sites in Leeds city. The Leeds shopping market was not always so upbeat. Three earlier city centre shoppings schemes, the Merrion and St John's centres at the top of Albion Street and the

Bond Street centre at the bot-tom, all had to fight to get "In the early days before the Merrion was rooted in, we did

struggie," says Mr Edward Ziff of Town Centre Securities: "Lately we have done some-super lettings. Rowntree Mackintosh are selling cookies; and the place really hums. In terms of pedestrian flow, it is one of the busiest places in Leeds." Mr Ray Chan, surveyor in charge of the Victoria Quarter

scheme, says that the shops there had belonged to the Pru-dential since 1955. "During the 1970s and early 1980s the area declined and we were considering whether to hold on or sell. We decided to renovate and generate new life.

"Since we began, Leeds has picked up. We have had a lot of interest from local as well as national retailers. But it has become more than that because there is so much his-tory there. What is driving this project is not purely financial. You cannot show a return on stained glass.

"Our fund managers were convinced that the local econ-omy was strong. There are quite a few development pro-posals which will help to assemble a stronger mass of shoppers. But we also wanted to show the Prudential as a supporter of regeneration and conservation and a patron of the arts. This project is very much a first."

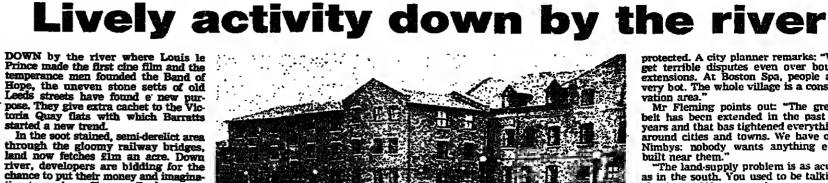
Mr Peter Cooke of Bernard Thorpe says that specialist shops are making the running, as opposed to fashion and foot-

Mr Ian Rowbotham of Weatheralis says that northern people tend to spend more of their income on shopping any-

Is there a danger of too many shops, with the Triple Five scheme in South Leeds proposing 800? Mr Ziff com-ments: "Including Kirkgate, there are probably enough to take Leeds through the 1990s. Leeds has a very busy city centre but to talk about doubling or trebling the number of shops would crucify it."

David Spark

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tion to work on Clarence Dock. "We had built some city centre homes and were getting £20,000 to £30,000 anice, says Mr Peter Fleming of Victor Homes, a local builder. "All of a sud-den, Victoria Quay seemed to catch the imagination of the buying public. That has assisted everything else and now we are talking about £60,000 to £85,000."

Barratts were quick to spot the possi-bilities in a plan of action for the river produced by the city council and the British Waterways Board. Three years ago the first of their one and two bedroom flats, some in an existing build-ing, some newly built in harmony, were sold for £19,000 to £28,000. Since then, soin for £19,000 to £22,000. Since then, they have rocketed, says Mr Ian Lum-bard of estate agents Mawson and Wal-ton, though he thinks the £80,000 that some people ask, hopeful of yuppy buy-ers, may now be proving ambitious. "Where are the yupples? There just aren't any in Leeds." Last year was the hig year for price

aren't any in Leeds." Last year was the big year for price increases. Mr Peter Toothill at Maw-son's Horsforth office says: "We were putting prices on property and people were so desperate they were offering £5,000 or £10,000 more. There was not much new building going on."

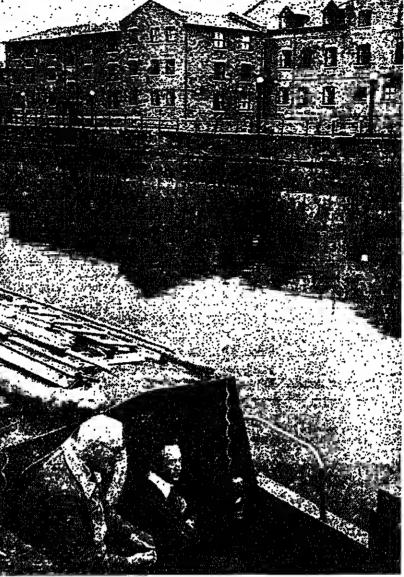
Out at Guiseley, a back-to-back in reasonable condition could fetch £45,000 and a modern four bedroom honse £170,000

On Harrogate Road, Leeds, Arncliffe Holdings are building 32 flats and eight penthouses on the site of three earlier houses, one of which belonged to Arn-cliffe's chairman, Mr Ian Fisch. "They have gone extremely well," says Mr Fisch. "The price is now over £300,000 for a penthouse and £150,000 for a two "oom flat."

Mr Lumbard of Mawsons estimates that prices paid in Leeds rose last year by 55 per cent to 65 per cent. "There are odd cases where they have gone up 100 per cent but they were very cheap to start off with."

Current Leeds prices, he says, range from £18,000 for a back-to-back in a down market area to over £150,000 for some four bedroom detached properties. Even in some down market areas, large, terraced houses fetch £40,000 to £50,000 because they are partly let as bedsitters. A prime, stone, terraced house with garden can be £100,000. "We just sold one at Horsforth.

Around Leeds, stone fetches more money. "If you put money into stone.



Victoria Quay, a popular riverside development

well. "Leeds seems to have a unique bnoyancy at the moment," says Mr Fleming

Leeds is at the south-west corner of a golden triangle that stretches north to Harrogate and east to York. "Within that area, a housebuilder can hardly go wrong. That is where a great number of npwardly mobile people who come into

Leeds want to live." Wetherby, within this triangle, and also now within the Leeds boundary, has grown; but the villages are keenly

protected. A city planner remarks: "We get terrible disputes even over bouse extensions. At Boston Spa, people are very bot. The whole village is a conser-

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Mr Fleming points out: "The green belt has been extended in the past 10 years and that bas tightened everything around cities and towns. We have our Nimbys: nobody wants anything else

built near them." "The land-supply problem is as acute as in the south. You used to be talking about £100,000 an acre but one owner has just sold some at £600,000." So Victor Homes has turned its atten-

tion to unfashionable areas, to sites with special problems and to the inner city where developers are welcomed by the plenners.

"We have been very surprised by the demand. We are building 53 houses at Drighlington. That is unfashionable but we are epproaching £100,000 for a four bedroom house.

"It was not possible to connect the site to the surface water drainage. Our engineer came up with the idea of dril-ling a borehole. At 110 metres we found strata to take the surface water until there is a new outlet." Tay, too, is building in the inner city.

for as little as £20,000 "where you can get a city grant," says Mr Parlour. Across the river from Victoria Quay, it is building 44 flats which will range from £70,000 to £80,000. Mr Fisch says that Arneliffe is expanding its residential development and is particularly interested in refurbishment. At Adel Mill, we ere going to convert farm buildings into 11 dwellings."

Leeds planners do not agree there is a shortage of building land. A report this month shows enough sites identified for the next five years at the private builders' average of 1,530 homes a year, with more publicly owned sites sure to be released. The problem may be, in part, that 8,000 house sites in the rhubarb growing country south of Leeds encoun-tered both local objections and drainage

An important question is whether a city growing commercially requires a growing rate of housebuilding. Mountleigh, which esteblished itself as a developer with a homes deal for the American air force, is back on the housing scene with a plan for a new settle-ment near Wetherby but on the other side of the A1 road.

"There is tremendous pressure for housing in the Leeds area, says Mr Geoff Goodwill.

Mr Ken Morton of Landmark Development Consultants sums up: "Leeds is a good place to live and work. The residential areas are superb and not very far away. You can live out in the country and be at the office in 30 min-

David Spark



you can get the premium back in the sale price," says Mr Fleming of Victor Homes, formerly a Saudi-owned company bought out last year by its manag-

This year, higher mortgage rates have slowed the market. Mr Lumbard believes the growth of office jobs is one reason why Leeds has been less hard hit than the south. Mr John Parlour of Tay Homes which is building houses for around £100,000 at Brambam, near Wetherby, says they are selling very



"Our commitment to commercial property in Yorkshire is total. We aim to increase the run rate by a further £50 million in the next two years. **Developers of Westgate Point, Leeds and** long-term investors in the Yorkshire property market".



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LEEDS PROPERTY 4

HELICAL BAR

Project that has set people talking

huilding everybody's talking ahout", according to a rival developer – is part of an ongoing commitment to Leeds by Helical Bar, the London-based property company.

16

The deal was brought to Helical hy Mr Clive Scott, then a consultant hut now a director of the company. It bought the site in June 1987, topped out the 46,000 sq ft. seven-storey office block in July 1988 and completed it on schedule in January of this year.

One reason why people are talking about the building is that 20 per cent of the office space, in two small floors. remains to be let in an ill-sup-plied market. The first 80 per cent went at £12.50 a sq ft, and Helical is looking for the magical figure of £15 a foot for the remaining square footage.

The new occupiers will include a merchant bank two major insurance companies and a group of leading survey-ors. The first occupants were expected to move in this month. Mr Scott and his co-directors had toyed with letting the huilding to a single occu-pant, but the prospective client ultimately decided that it needed more space than West-gate Point had to offer.

Another feature is its con-

struction, in red hrick and stone rather than the glass box which earlier developers had in mind for the site. Leeds loves hrick, apparently, and the planners put a stop to more exotic schemes. The building also has solar resistant glazing, and raised access computer floors to meet the requirements of

major office users. A further talking point has heen in its location, on an island site at the Westgate end of the Headrow, which used to be occupied by a textile fac-tory. Prime office use has had a psychological, and physical hurdle, to clear in the inner ring road to the west of prime pitch, and Westgate Point may have helped it clear that bar-

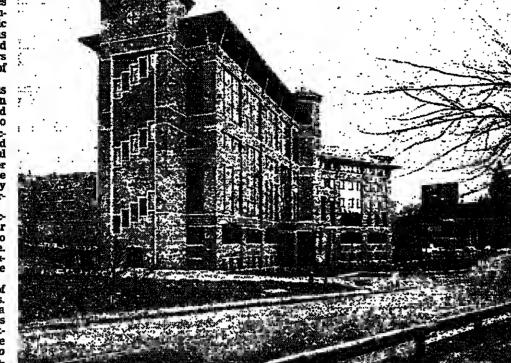
rier Mr Scott says that his function as a director of Helical Bar is to allocate investment to areas of strategic importance. Yorkshire, and Leeds particu-larly, has been one of these

areas "We have made a number of acquisitions in Leeds," he says. "We've spent about £1m a month over the last 18 months on development and investment in the city, and we have allocated a lot more money to follow that over the next couple of years.

mercial partner.

attractive

William Cochrane



Westaste Point, one of the most talked about constructions in recent years. Twenty per cent of the red brick and stone building's office space has yet to be let

EVANS OF LEEDS Major local player

EVANS OF LEEDS, a local property daveloper which goes back 50 years, hit the headlines in January when Mr Nicholas Ridley, Secretary of State for the Environment, gave the go-ahead for Its White Rose Centre on a 91 acre site in the

south of the city. The White Rose will include a 650,000 sq ft regional shop-ping centre, a 200 bedroom hotel, a 10 screen multiplex cinema, garden centre, food court, creche, bus terminal and

parking for 1,900 cars. Evans gained permission at the expense of two other prothe expense of two other pro-posals to develop out-of-town shopping complexes: from Sheraton and the University of Leeds, proposing 500,000 sq ft on 55 acres of playing fields on tha residentially-favoured north west quadrant; and from Mountleigh Northern Develop-ments at Pudsey, where it had hoped to accommodate both Asda and Marks & Spencer.

Mr David Helliwell, group estates surveyor for Evans, notes that his was the sita where developmant would enhance the area. "Currently, there is a sewage works under part of it," he says. "Another part of it is a rubbish tip." The land is owned hy Yorkshire Water, but Evans has an option to acquire it.

Helliwell, "yon should build them to the north; that's where Sited on a dual-carriageway

BOVIS

Partner in urban regeneration



road between the M62, its M621 spur and the M1 - "all within half a mile," says Mr Helliwell - the White Rose will be able to pick up trade from the whole of West Yorkshire, South Yorkshire and South tenant. Leeds, with 3m people within 25 minutes driving time. On the industrial front, the

During the next two to three years. Evans is planning 500,000 sq ft of office space, and company has completed the first phase of its Apex Business Park development, a mid-tech business accommodation with another 500,000 sq ft of indus-trial space in a hig develop-ment and refurbishment pro-gramme. It has strong ideas a high percentage of office space close to the M1/M621 junction in South Leeds, The units are now let or under offer about location, and quality. "If you're going to huild offices ontside Leeds," says Mr at rents in excess of £4.50 a square foot.

William Cochrane

people like to live." At Lawn-

swood, on a 10 acre site front-

ing the North Leeds Ring

Road, Evans has started the

first phase of an out-ok-town

Lawnswood, eventually,

should provide up to 180,000 sq

DEVELOPERS Growth prospects still strong

IN THE 1960s when Mr Arnold Ziff of the Stylo shoe shop fam-ily set up Town Centre Securities, the life of a developer in Leeds was reasonably simple. With money borrowed at 5 per cent and a return from rents of 10 per cent, profits were made.

That changed with the collapse of the property hoom in the 1970s. Initial rents no longer covered costs and investors needed an insurance company or a pension fund to take the huilding and stand the loss until the rent review.

Alert former surveyors are now constantly on the look-out for sites which are likely to become available and for prospective tenants. They then sell the deal to a property com-pany or an institution, and act

as project manager. One of Leeds's hest known is Mr Ken Morton of Landmark Development Consultants who launched and managed the huilding of Westgate Point,

returned to Leeds and "decided The company is also planning what I was really in was devel-opment." He has been sole prothe 130,000 sq ft Fountain Plaza with Mount Ebor, a local propprietor of Landmark since 1983. erty company.

Although the Post Office "I keep very closely in touch and become aware of opportu-nities. I might approach peo-ple, to see if they might be prepared to sell. If I see some-thing big, I organise to huy the property and find a major com-marcial nather pension fund, Scottlsh Life, Norwich Union and the Prudential all have a stake in Leeds, there is, one suspects, a reluctance among the city's Yorkshiremen to sell their schemes to institutions from We are huilding the final

office of the Westgate Centre, 14 storeys for the Inland Reve-Evans of Leeds normally hold on to their huildings. St James Securities goes further: hesides Demand is now so high that speculative development is struction of the huilding. The boom has attracted other York-

nne. We have financed that ourselves. We are also project managers for Abacus, 43,000 sq ft opposite the town hall and high that speculative development is attractive, says Mr we are developing phase 2 of Lishon Court on Wellington Timothy Fee. Developers are wary of the

Britain's fastest

developing city

is developing

aster with us.

out of town. Town Centre Securities and investing and developing it also undertakes the actual conshire huilding companies into

Leeds office development, such as Arncliffe Holdings and J and J Fee. Demand is now so because rents have already shown substantial rises. Scottish Life has just com-pleted a hullding in The Headrow. "We are not keen on doing much speculative devel-opment. We already had ten-

like Leeds the way it is. Mr Roland Stross, of St DEVELOPERS, noted for flying in on a wing and a prayer, are often quite systematic these days in the way they address James, says that The Embankment, the first Leeds property to offer in excess of 100,000 sq ft, is not a scheme which might new situations. Bovis, and other parts of the P & O Group, were addressing urban renewal happen in five years' time. It is and regeneration early in 1987 happening now

according to Mr Bernard Hodg-What attracts the instituson, a director of Bovis Con-struction. tions to Leeds? Mr Rnaridh Budge, general manager, investment, for Scottish Life, says Leeds is a good example of a provincial city where rents In the summer of 1987, Mr Stephen Bennett was seconded to the group from the civil serhave picked up after showing little growth for some time. vice, in tacit recognition of the hridges that sometimes need to he created hetween govern-"You can identify good value. You can hny good prop-erties on yields of 7 per cent, and the prospects for growth are still good. In the City of London it is more difficult because rents have already ment, local authorities and industry.

Bovis opened a dialogue with Leeds City Council in Novem-ber 1987; incorporated a spe-cialist subsidiary, Bovis Urban Renewal, in March 1988; and, at the same time, launched into partnership with the coun-cil and Leeds City Development, itself a company formed

ago of the business to be done in urban development. Urban redevelopment is a coming market of considerable importance as far as the British construction industry is con-cerned," says Mr Hodgson, "It was also important that we decided to engage in that busi-ness by way of the partnership Toute

Development partnerships are traditionally set up for one major project. This one, says Mr Bennett, is a little different. "The Leeds approach is com-prehensive and coordinated," he says, "taking in a whole mix: joh creation, improved and more housing, public and private development and envi-ronmental enhancement in its own right."

There will be a rolling pro-gramme of projects. "Each scheme undertaken by the partnership will be structured in a way which reflects its dynamics," says Mr Bennett. The partners will share in

way split of schemes with minimal economic rewards. "Out-puts," he says, "will reflect inputs,

There are 15 schemes which have been, or are being stud-ied. On four of those, viable developments have been proved and work will start later this year. They embrace retail, office and industrial projects, and include a new Chan-nel Tunnel Freight Terminal at

Stourton. BUR is in this one with the council, Mountleigh Northern Development and Railfreight Distribution. The scheme will embrace 100 acres, of which 80 acres will be devoted to a husi-ness park, distribution and industrial space in addition to the terminal itself. It is hoped that this project will create 1,500 new jobs for the area – extra jobs, says Mr Hodgson, not jobs shifted from other areas as is so often the case. The partnership has an ini-

include those which are viable in commercial terms; and those which provide amenities and social benefits which, in themselves, are not commercially viable but which can be packaged' with money spinning schemes to make the combina-

tion financially attractive. "We are trying to dissuade local authorities from disposing of their assets in tradi-tional ways," he adds. "Usu-ally, they sell to the highest bidder, and the fallacy in that is that the highest bldder needs to make a profit on top of his high bid."

By taking that route, he con tends, the local authority misses its opportunity to max-imise its proper return - getting real value, or the best consideration in more than monetary terms for turning over its land resources. "The local authority should be part of the development process,

Bernard Thorpe

29 Park Square West 1

(el: (0532) 45910)

and share the benefits," Mr Hodgson concludes.

liwell claims. "We are expect-ing rents of £12.50 a foot plus, and you'd pay the same in the city centre for any real amount of space."

In the centre, Evans has started work on the refurbishment of Minerva House in East Parade. The huilding is being stripped down to its frame. completely reclad, and upgraded to provide 55,000 sq ft on nine floors with a ground floor banking hall for Royal Bank of Scotland, the existing

development.

FINANCIAL TIMES FRIDAY APRIL 14 1989

as a surveyor, transferred to a St James Securities. We sold London property company, phase 1 to Sun Life of Canada."

le Five scheme. ants lined up. Leeds is doing well without it, says Mr Morton. A lot of people

David Spark

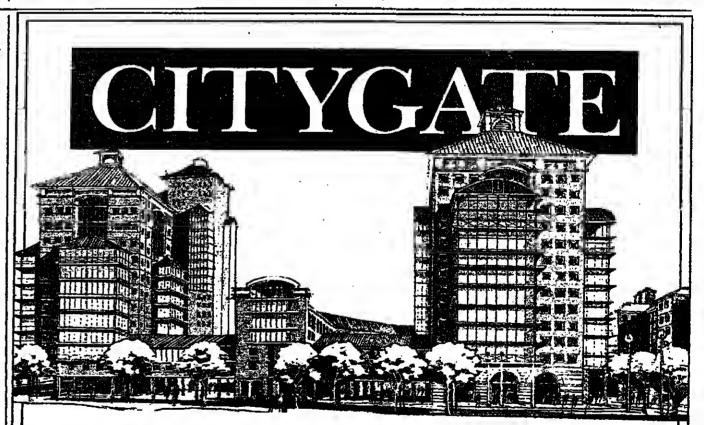
mercial inte This is not just philanthropy. "We were conscious two years

between the council and com-

varying degree - there will not, for example, be a three-

tial life rs and is renewable. The BUR criteria for projects, says Mr Hodgson,

William Cochrane



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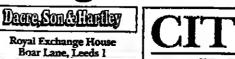
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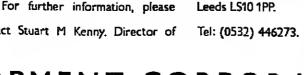
Development and Marketing, Leeds

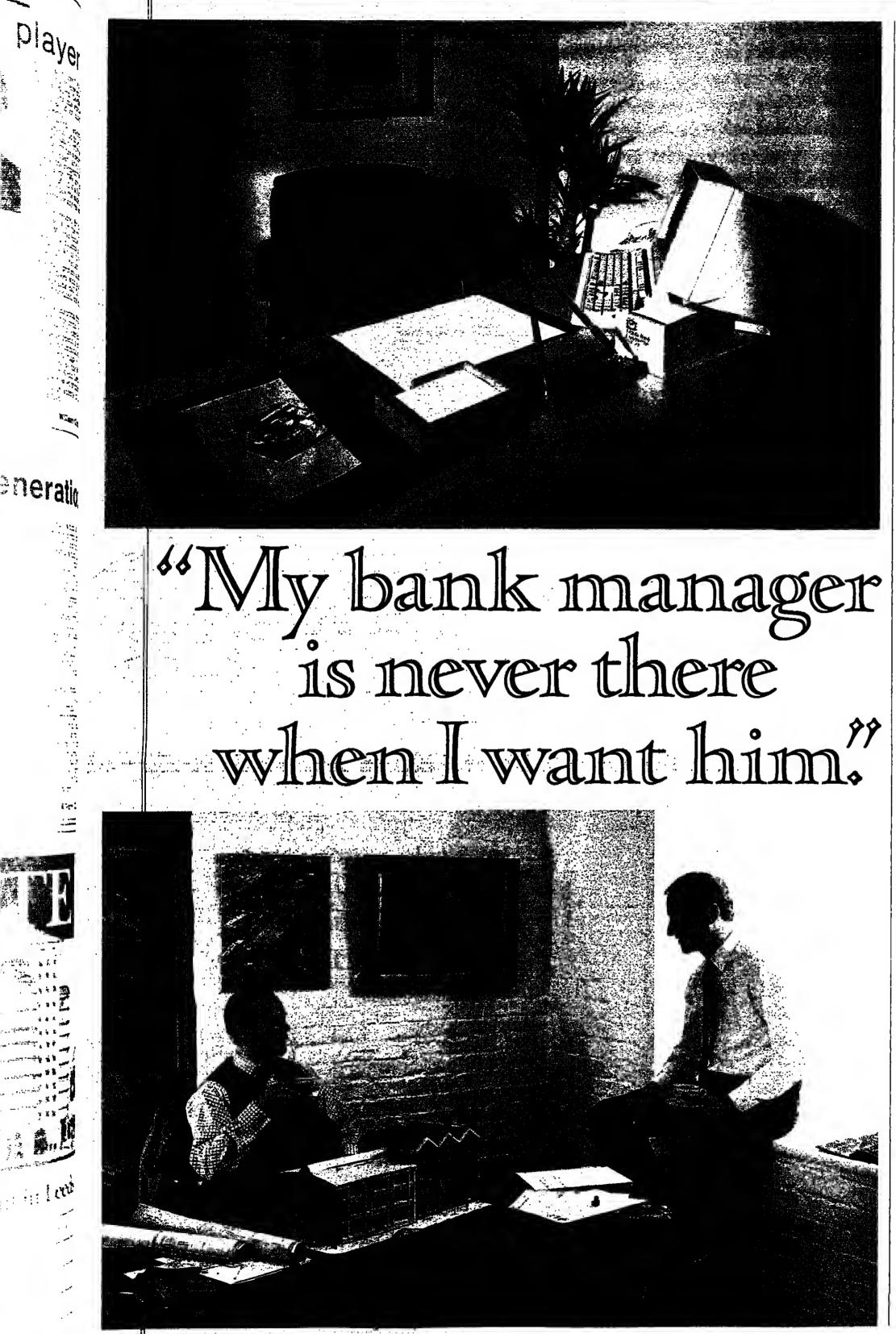
Development Corporation, South Point,

LEEDS DEVELOPMENT CORPORATION

Leeds Development Corporation Valley and from the city centre and has only four years to regenerate over historic riverside area to the M1 1,300 acres in the heart of Leeds. and M621 motorways. Superb investment and develop-

ment opportunities exist in the Kirkstall





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TECHNOLOGY

FILMANCIAL TIMES I MUNIC ALONE IN COUR

والمراجعة والمحاصين والمحاجة المتنابية

welcomes the idea of flat rac-ing in the winter. "There are too many horses and not enough opportunities." One of the surprising things about the UK racing frateralty.

fe

about the UK racing instanticy, which has so far appeared con-servative, is that artificial sur-faces have hear used for train-ing since the last century. Robert Fellowes, who man-ages the Jockey Club estate at Newmarket, says that the earli-est artificial surface consisted of beind places of back - a Another practice was to dress the turf with peat. Then came sand, wood chips and the more modern sand mixtures.

training with a raceborse popu-lation of 2,400, is an obvious target for the makers of artifi-cial surfaces. One of the recent samples to arrive on Fellowes's desk is a place of plastic net-ting, which is part of a product called Technurf, from BritAg Industries, an ICI subsidiary.

And to dispel further the deserted image associated with racecourses between meetings, tha facilities may ba used year-round for training, as they are in other countries. The second venue for all-weather racing is Southwell, in Nottinghamshire, where the owners, who sold Lingfield Park for £7m, are extending the facilities to cope with a more intensiva, programma.

weather racing on an increas-ing variety of materials is

of boiled pleces of bark - a waste product of tanning.

Newmarket - a centre for

Industries, an ICI subsidiary. Techturf comprises natural, albeit apecially bred, grass growing on a mixture of sand and pieces of plastic netting. It is installed at two courses in Hong Kong and one in the US. However, it is not claimed to be 100 per cent weatherproof. Meanwhile, at Lambourn in Berkahne, the first rubber all-weather gallop was laid to Jan-uary. Made by Weatherall, of Lincolnshire, the surface con-sists of a two-inch thick, car-pet-like layer made of pieces of rubber stuck together, topped off with about two inches of

off with about two inches of loose rubber granules. So, no matter what nature intended for the horse, allbecoming an established part of the racing scene.

Sun-3 workstation. Hne, based on Motorola's 68000 microprocessor chips. Prices range from \$5,995 for a 3 Mips. desk-top machine to \$54,900 for a fully configured 8 Mips machine. Sun's first foray beyond the workstation market, where it is the undisputed leader with close to 30 per cent of the \$4.1bn world market last year, was well received by industry analysts. And the com-pany's demonstrations are impres-sive.

sive. What remains to be seen, how-ever, is whether Sun can master the marketing complexities of the broader computer business, while simultaneously expanding its operations to cope with growth that it is expected to take the com-pany from 1988 revenues of \$1bn to sales approaching \$1.7bn this year.

- Louise Kehoe

be flat racing season now under way in the UK is different from **Towards the winter** any other in the sport's 278-year history. For the first time it will carry on through next winter on a sursport of kings This breakthrough has been made possible by the develop-

Jane Fuller explains why the British racing ment of artificial surfaces to the point where they have fraternity is moving on to a radical track been accepted for racing, as opposed to just training. And although the attitude prevails that racehorses are built to gal-

of worries about horses jarring about eight miles of gallops themselves as they land over the bigger fences.) and it has also made progress in the market for equestrian

The levy board is offering a arenas. Its resilience in 10-year, interest-free loan of extreme weather conditions £1.5m to each of the two depends, however, on careful maintenance. Applications of salt are needed to combat frost courses installing an all-weather track, which involves laying one of the modern sur-faces over a drainage system. So far, the courses have a choice of two Jockey Clob-ap-proved materials: Fibresand, and in dry periods it must be irrigated. For Equitrack, En-tout-cas

chose a different way to give the sand cohesiveness and weather resistance. The com-pany has patented a synthetic binder, comprising a polymer with extending oil to make it made by Equestrian Surfaces, of Cheltenham, and Equitrack, from a Newmarket-based divi-sion of En-tout-cas, part of the Crest Nicholson huilding and viscous. leisure group. Fibresand, the first to gain approval, is a mixture of sand

viscous. The sand is coated with the binder and the track is put down while it is hot, "like a road being laid." saya Ken James, managing director of En-tout-cas. It is rolled to form a firm pad and the upper two to four inches - depending on the type of going required -are "fluffed up" hy harrowing. At the commany's laborato. approval, is a mixture of sand and rot-proof polypropylene fibres. John Richardson, man-aging director of Equestrian Surfaces, says that the fibres hold the sand together and greatly reduce kickback. This flinging of sand into the faces of following houses and incluse At the company's laborato-ries, the mixture was tested by of following horses and jockeys has been a source of complaint about some other surfaces. in simulating both the pounding of hooves and the climetic extremes which the surface

for the levy. The planned winter pro-gramme of flat racing and hur-dling is designed to make np that loss by edding at least 60 extures to the annual total of the of furlongs. would have to withstand. The price is high: a race track costs between £1m and £2m, a gallop between £200,000 about 1,000. (Steeple chasing is excluded at this stage because Fibresand has been laid on and 2500,000, says James. How-ever, savings on salt and irri-

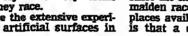
gation mean that it is cheaper to maintain.

Apart from being laid on several gallops, including ones in Hong Kong and Australia. Equitrack is in use at one US racecourse: Remington Park in Ohio. Between September and December, 700 races were run on the new surface.

David Vance, executive vice president and general manager at Remington Park, says that the track not only stood up well to wat and freezing weather, but also proved safer than some other artificial sur-faces. "In 70 days' racing, we only took nine injured horses off the track. I know tracks where 50 or 60 would have

where 50 or 60 would have been injured." Both James and Richardson agree that the US is the biggest market for aynthetic race tracks and training gallops. This is partly because of the sheer nnmhers involved: according to James, "there are 9m horses in training and hetween 130 and 140 race tracks"; and partly because of the way the sport is conducted. Tha Americans are need to The Americans are need to artificial tracks, they race intensively and they train

they are concerned about the stinging effect of kickback. Jonathan Weatherby, direc-tor of development and plan-ning at the Jockey Club, recog-



where they race. Despite the extensive experi-ence of artificial surfaces in

Sun Sparcs battle against the big battalions

a PC-like graphics interface, with icons and pull-down menus that make it as easy to use as a PC, Sun claims. "We've attempted to bridge the personal computer and work-station worlds with this computer," McNealy explained, comparing the new San computer to high-end PCs

the Sparcstation include its low power consumption, abont the same as a 100 watt light hulb, and its small size, about the same as a pizza box. Both are made possible

by the use of highly integrated

challenges. Applications software remains a problem. Although Sun claims that

workstation market. The new Sun 330 and 370 are also based upon the company's Spare chips and operate at 16 Mips. Prices range from \$30,000 to \$73,900. With these-machines, Sun aims to challenge Digital Equipment and Hewlett-Packard workstations, as well as specialised graphics workstations offered by Silicon Graphics. Sun also launched computers designed to provide network comproblem. Although Sun claims that 500 application programs are avail-able to run on its Sparc workstat-ions, the majority of these pro-grams are designed for scientific and technical applications. Sun acknowledges that gaps remain in its software library. It has yet to programs doubt

has yet to persuade leading devel-opers of PC applications, such as Lotus and Ashton-Tate, to adapt their top-selling business programs

28

designed to provide network com-puter resources to small and large groups of office workers, with perto Sun computers. If Sun is to mount a serious challenge to the big PC vendors it may also need to enter the retail com-puter channel and to spend heavily lent of super minicomputers. Other products in the new range include a revamp of the original on consumer marketing.

Racing on Equitrack at Remington Park in Ohio the US, there is a widespread view in the UK that grass can-not be surpassed as a racing surface. John Cameron-Hayes, chief executive of the Race-course Association, beliaves that horses will be more prone to both lamaness and hreath-ing problems if they race on artificial snrfaces. And although the jockeys will wel-come the extra riding fees, they are concerned about the ting shops. Taking a long view. Clarke sees all-weather facilities act-ing as a catalyst for change in the racing scene. His company is developing the racecourse as part of a leisure complex, and it may extend the track's uses to much things as blockstock more races at this level. The first UK racecourse to accept the challenge of all-weather racing is Lingfield-Park, in Surrey. It is laying a 1% mile Equitrack circuit as part of a £4m-plus expansion of the course and its facilities. Fred Clarke, chairman of to such things as bloodstock sales and trotting races. And to dispel further the

1

Lingfield Park and a director of Leisure Investments, which bought the course last year, says that the new track should -help to generate income in a variety of ways, some of them far from conventional. Apart from raising atten-

nises that trainers will initially test the new surfaces with dances and betting revenue, increasing the number of fix-tures will draw in a larger modarate horses. However, since the entries for novice and malden races often exceed the grant from the levy board and a bigger income from Satellite places available, the argument is that a demand exists for Information Services (SIS) for. broadcasting the races to bet-

growing company in the most dynamic sector of the

with new products ranging from a \$6,000 (£3,500) desk-top workstat-ion to a \$74,000 network server system, capable of meeting the com-puter needs of dozens of users, Sun has begun its bid to become "the next Digital Equipment" as Scott McNealy, the company's young president, likes to say. Striding about the stage of San

ot content to be the fastest

Francisco's Civic Auditorium, in the style of business gurn Tom Peters, McNealy opened Sun's first product introduction "event" with a series of thinly veiled jibes at competitors.

18

face other than turf.

all types of weather.

with abandonments.

lop on grass, the market is

gathering pace for surfaces

For flat racing, the Jockey Club's decision to encourage the installation of all-weather tracks will extend the season

into the colder months. For the

traditional winter spectacle of National Hunt (jump) racing, it

offers refuge from a pro-gramme that can be pltted

The problem is not just one of disappointed racegoers. It

represents a hole in the sport's income derived from betting,

income derived from betting, via a national levy. Rodney Brack, financial con-troller at the Horse Race Bet-ting Levy Board, explains that of the past year's £3.5bn annual betting turnover, £31m came to the board to be distrib-

uted to the sport. According to his estimates, the 80 days' rac-ing typically lost through

abandonments each year would generate an extra £1.2m

that eoable them to gallop in

comparter industry, Sun Microsys-tems this week unleashed a salvo of new products in its campaign to become a broad-based computer company, challenging the indus-try's cients

Sun, he said, had no "visions" (a word often used by Apple Com-puter executives), no "complex strategies" (e dig at IBM, perhaps). "What we are introducing is a logi-cal and natural evolution of com-

cal and natural evolution of com-puter technology." As Sun executives unveiled prod-uct after product – six new com-puter systems plus several add-on hardware products – it quickly became clear that the company's ambitions go far beyond the work-station market upon which it has built its reputation. built its reputation.

The star of Sun's new product line is the Sparcstation 1, claimed by McNealy to be "the most powerful, full-function computer for under \$9,000." Fully configured with colour display, hard and

floppy disk drives, the price is, however, more than \$15,000. The 12-5 million instructions per second (Mips) performance of the Sparcetation ontclasses high-end personal computers, but it includes

the computer to procesa three-dimensional graphics at supercomputer speed (200,000 three-dimensional vectors per sec-ond), so that it should be well suited to computer-aided design and maning arbitrations

and mapping applications. Sun also demonstrated a video from Apple and IBM. Impressive technical features of board that enables the computer to display full-motion video on a por-

tion of its screen, as well as the more mundane, but important, capability of running standard PC applications, albeit at slow speed. As it attempts to enter the PC

market, however, Sun faces serious

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semiconductor technology that has reduced the number of chips inside the computer to fewer than 50. Optional extras include a graph-ics accelerator board that enables

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Directors must pay for wrongful trading

RE MARKETING CONSORTIUM LTD Chancery Division: Mr Justice-Knor: March 22 1986

DIRECTORS WHO press on with their insolvent company's busi-ness in the unrealistic but not distonent hope that it will trade-out of its difficulties, may become liable to contribute to its assets in the liquidator's hands if they know, or with responsible diligence ought to know, that insolvent liquidation is virtually inevitable.

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(d) ... the facts which a direc-tor ... ought to know or ascer-tain, the conclusions which he tain, the conclusions which he ought to reach and the steps which he ought to take are those which he ought to take are those tained or reached or taken, by a reasonably diligent person hav-ing both - (a) the general know-ing out the same functions as any carried out by that director in relation to the company, and (b)the general knowledge, skill and experience that that director has."

HIS LORDSHIP said that PMC, a fruit importation agent, was incorporated on June 5 1864. From July 1981 Mr Murphy and Mr David were sole directors. In 1960 there was no overdraft, assets exceeded liabilities, and no significant trading loss. By 1994 there was a £91,758 overdraft, and an excess of Habilities over assets of £68,592. PMC's credit facilities with its bankers, Banco Exterior SA, were secured by a debenture and by Mr David's personal guarantee for £30,000. Trial balances of the compa-ny's ledgers were made by Mr

Murphy, in experienced book-keeper, at roughly monthly inter-vals. He was not an accountant but he had the time and skill to have a close eye on the overdraft position and unpresented chemas.

position and unpresented cheques. There was a history of PMC's accounts being prepared well out of time. In common with many other small companies, the direc-tors acquiesced in accountancy dalays. PMC's position had deterio-rated sharply by summer 1988. The bank overdraft, agreed at 576,000, was quite frequently exceeded. Not only had Mr David's personal guarantee been left far behind, but FMC was hy-ing from hand to mouth. At July 31 1986 the PMC ledgers showed a total deficit of 2167,780. In August 1986 Mr David requested an extension of the 575,000 overdraft facility. His suproach to the bank was inac-

275,000 overdraft facility. His approach to the bank was inac-curate and over-optimistic. It achieved the desired result. The bank extended the facility until January 31 1987 on the same security as before. The limit was consistently enceeded. The bank finally lost petience and from November 19 1986 onwards it started to return cherues ungedd. In Jenuary 1987 draft accounts

started to return chaques unpaid. In January 1987 draft accounts for 1984/35 and 1985/85 were sub-mitted by the auditor to the directors. They showed a grim picture. The 1984/85 turnover was down. The loss for the year was for the loss for the year was for the loss for the year adjust-ment drove excess of Habilities over assets to £132,870. Trade creditors were £85,004 and the overdiraft, was £98,545. Trade creditors at September 30 1996 had risen to £143,454 and the overdraft to £143,454 and the overdraft to £143,454 and the

had risen to £143,454 and the overdraft to £118,171. After the draft accounts were sent in the anditor phoned Mr David and voiced fears that the directors might be liable for fraudulent trading. The phone call was followed by a letter. The directors were sent copies of sec-tions 218 (frandulant trading) and 214 (wrongful trading) of the insolvency Act 1986. A cash flow projection was pre-pared by the auditor for presen-tation to the bank in support of an application for further esten-sion of facilities. It showed antici-pated receipts, supplied by the directors, which ware at the top end of their expectations and were unrealistic. In February 1997 there was an interview at the bank. The sudi-tor accompanied the directors, initially the bank's response was unfavourable. It had a change of heart but called for a reductions of 25,000 in facilities, coupled with two further reductions of 25,000 in April and June. Such reductions were incom-

Such reductions were incom-pathle with the programme con-

tained in the cash flow forecast, which did not envisage enough profit being generated during the period covered to allow a raduc-tion of bank facilities. Mr David said he was aware that PMC was strugging at that sings, but the company pressed on, with the tightening con-straints of a reduction to bank facilities. During the 196587 sea-son there was a gradnal decrease in the overdraft, but that was affectively financed out of increased indebtedness to Banona Lid, PMC's most impor-tant shipper and its largest mas-

Bamona Lid, PMCs most impor-tant shipper and its largest unse-cured creditor. In August Bamona, at its bank's insistance, instructed its London solicitors to investigate the state of trade between Ramona and PMC. On the same day the directors appreciated that PMC was in desperate straits and that there was no prospect of paying Ramona what

strains and that there was he prospect of paying Ramona what it owed. Ramona refused to co-operate in a rescue proposal. The inevitable occurred, PMC want into creditors, voluntary liquida-fion on October 2 1987. In the concent typesetime the

into, creditors', voluntary liquida-tion on October 2 1987. In the present proceedings the liquidator sought a declaration under section 214 of the Insol-vency Act 1986, that the directors should each contribute £107,946 to FMC's assets. The issue was whether the directors "Losw or ought to have concluded" that there was no reasonable prospect that PMC would avoid going into insolvent liquidation. Under previous enactments, which related to franchiset as opposed to wrongful trading, intent to defraud had to be estab-lished. The 1986 Act now had two separate provisions, section 213 dealing with fraudulent trading, and section 214 which dealt with what the side note called "wrong-ful trading".

what the side note called "wrong-ful trading". Parisament intended to widen the scope of the legislation under which directors who traded when the company was insolvent inght be required to contribute to the assets. The requirement of intent to defaud and traduction to proceed.

defauld and fraudulent purpose was not retained as essential, and with it went the need for and with it went the need for actual dishonesty involving real. moral blame. It had not been suggested that Mr Devid or Mr Murphy fell into that category. Also, under subsection (4) the test to be applied by the court had become one under which the director was to be judged by the standards of what could be expected of a person fulfilling his functions and showing reason-able difigence in doing so. The subsection (4) requirement involved functions in relation to perticular company and its busi-nees, it followed that the general knowledge skill and experience

ness, it followed that the general knowledge skill and experience

postniated would be much less artensive in a small company with simple accounting proce-dures and equipment than it would be in large company with

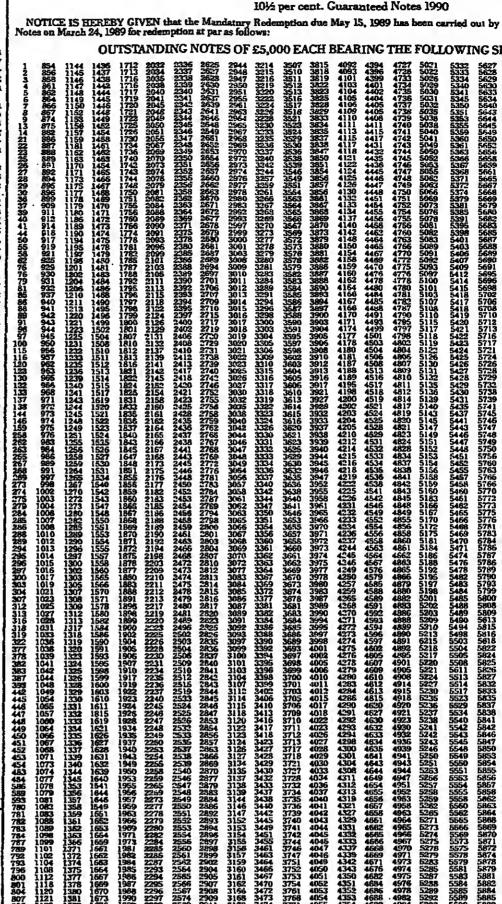
would be in large company with sophisticated procedures. Nevertheless certain minimum standards were to be assumed to be attained. Notably there was an obligation to keep accounting records which disclosed the com-pany's current financial position with reasonable accuracy. PMC's accounting records were adequate for the purposes of its business, though the preparation of accounts was woeffully late. The knowledge to be imputed in. testing whether directors knew or ought to have concluded there was no reasonable prospect of avoiding insolvent liquidation, was not limited to the documen-tary material accuraty available

of svolding insolvent liquidation, was not limited to the documen-tary matarial actually available at the given time. The directors, thoogh they did not have the accounts in their hands until January 1887, did how that the previous trading year had been a very bad one. The turnover was bally down. Although they did not know in July 1966 the precise figure, they had a rough idea of what it was and in particular that it was well down on the previous year. They coght to have concluded at the end of July 1966 that there was no reasonable prospect that PMC would avoid going in to insolvent liquidation. They did not take every step to minimise the loss to creditors within sec-tion 214(3). They went on trading for another year. Therefore the court's discre-tion arose under section 214(1). The section 214 jurisdiction was compensatory rainer than penal. *Prime facie* the appropriate contribution was the amount by which the counsent's assets had been depleted by the directors' content which caused the discre-tion to arise. But Parliament had chosen very wide words of discre-tion and it would be undestable

chosen very wide words of discre-tion and it would be undesirable to seek to spell out limits. Taking account inter alia of the facts that this was a case of failure to appreciate what should have been clear rather than a deliberate course of wrongdoing, but that there were occasions when positive untruths were stated, and that the auditor's most solenn warning was effec-tively ignored, the court declared that the directors were jointly and severally hable to contribute 275,000 to the PMC assets.

For the liquidator: Mary Arden. QC and Gregory Mitchell (Rich-ards Butler). For the directors: Paul Twerson (Suggles Palmer, Basildon).

Rachel Davies Barriste



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19

NOTICE OF REDEMPTION To the Holders of

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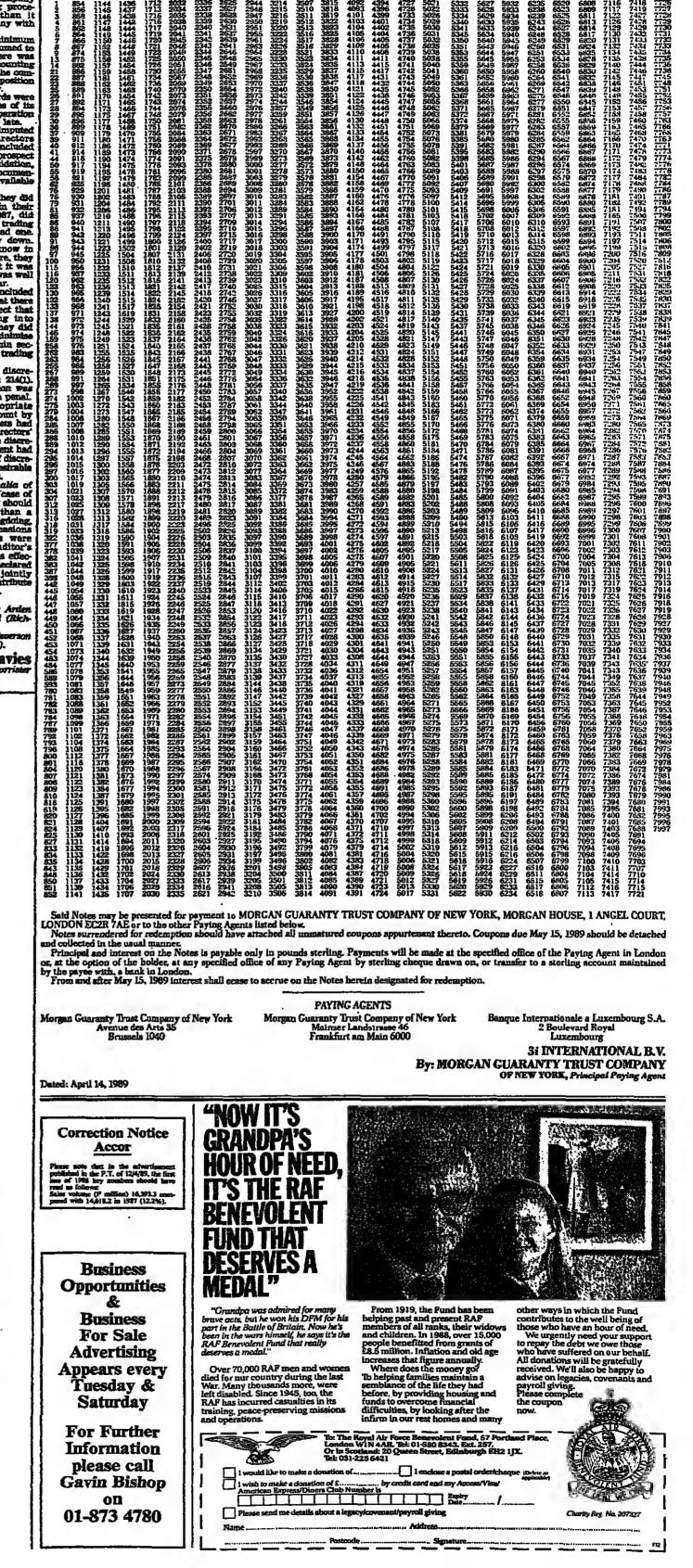
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THE PROPERTY MARKET

Paul Cheeseright profiles two development companies that specialise in space for small businesses

A new look to the old

its costs have shown little difference from the rate of infla-tion. General building costs have been increasing at about

Costs can be held down by adopting a uniform approach to refurbishment. Skillion

makes no apology for same-ness. There are more than 20

Skillion husiness centres in

Britain offering light industrial

15 per cent a year.

Sings. The core of its busi-ness is to take a large amount of space and split it up into small units. Economic growth has increased the demand for this sort of space but made it difficult to provide.

The need for intensive man-agement and the uncertainty small covenants had made this sector a Cinderella of the property business. But rising industrial land values. increases in corporate profit-ability, official encouragement for small business and a growing investment interest in industrial property generally has created a new situation from which companies like Skillion can profit. When Ric Hawley created

Skillion in the 1970s, bank finance was bard to find. Not so much now. This results partly from the fact that Skil-lion, still a private company, has won its banking spurs. partly from the greater degree of financing sophistication. Thus Skillion can not only raise development finance but also devise packages with insti-tutions which can be offered to

buyers of the space it creates. That is the plus side. The negative aspect is that it becomes increasingly difficult to find sites which can be split into small units. Skillion's spe-ciality is to take buildings

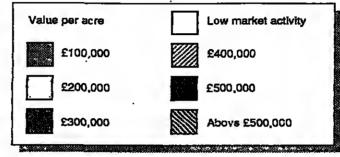
and hasic office accommodawhich have scared off or been Ignored by other property com-panies - old factory buildings tion. In total Skillion provides accommodation to 1,500 busior office buildings which have found themselves on the shelf. Broadly, Skillion is involved But industrial property is now in vogue, forcing Skillion out of London to find property

in two types of development. The first is the provision of space for rent in accommodation it manages and which forms the basis of its investfor refurhishment - a derelict bottling plant in Liverpool and botting plant in interpost and the former Refuge Assurance headquarters in Manchester, for example. "In London we're obliged to buy big - like 230,000 square feet in the Lea Valley - to get purchase prices down " coid ML Hawley ment portfolio. Here it expects a return of between 15 and 18 per cent before taking the developer's profit. The second is space for sale. This is the higher risk end of the market, Valley - to get purchase prices down," said Mr Hawley. If site prices become too high then this flows through into the rental prices. If the rents become too expensive then Skillion cuts itself off from the customers it has spent a decade cultivating - busi-nesses in a relatively early stage of their life. Once Skil-lion moves into a building it has to hold down the costs of and here the expected return of 25 per cent on costs. Expansion is taking Skillion further up the market and into the provision of orthodox office accommodation - the Glass-mill at Battersea, a completed venture, and Middlesex House at Vauxhall, on which work is taking place, both south-west London - and both in - and it is has to hold down the costs of refurbishment. Mr Hawley claims Skillion can do this and

venturing from refurbishment projects to those involving new huildings, as in the proposed Net assets at the group are now over £18m and in the year to December 1988, pretax prof-its more than doubled to 5.24m. Skillion has a corpo-rate structure that would enable it to go for a stock market quotation, and that is a choice held in reserve for a day when market sentiment is

more in favour of flotation.





Simplicity and speed

etropulitan Real Property is a new-comer, a child of the industrial property boom, starting tentatively in 1984 and expanding rapidly in

and expanding rapidly in 1987-88. Roger Palmano, the founder and chairman, was a chartered surveyor who realised that, with the business climate improving, there was a gather-ing trend for small businesses to own new preprints pushing up prices - which it could do with relative impu-nity a year ago - and proper-ties are taking just a little lon-

ing trend for small businesses to own new premises. What he has sought to cre-ate is a fast turnover, cash-flow business. He is interested in developing then selling, not accumulating, assets. His cur-rent programme totals 1.52m square feet in 30 schemes, none of which has a higher completed value than 16m, scattered across the country ties are taking just a little lon-ger to sell. Much of the company's land was bought when the market. was still rising, so that if is sitting on sites worth mure now than a year ago. But, apart from land transactions still going through. Mr Pal-mano is likely to stand back from making new purchases for the time being. The key to his operation is to be quickly in and quickly out of a project, reducing the length of the company's finan-cial exposure on any one site. As soon as a site purchase is agreed, design starts and plan-ning applications are made -in the hupe that wurk can scattered across the country from Exeter to Ipswich to Manchester. Befure this pro-gramme he had completed and sold around 300,000 square

feet of space. Mr Palmano started by pro-viding simple industrial units, but now the office content in his units is increasing. His building specifications are get-ting higher. But the climate is tougher than in 1988 when, as Mr Palmann put it. "everyin the hupe that work can start on site as soon as its pur-chase is completed. Planning applications are not generally contentinus. Local authorities like schemes Mr Palmann put it, "every-thing you could lay hands ou looked good."

nf lodustrial units because they provide a basis for job creation. Indeed, at schemes in Higher interest rates are hurting. They make Mr Pal-mano look much more care-

Hastings, Exeter, Abingdon, Mildenhall, Northampton, Bir-mingham and Manchester, fully at any sites he wants to buy because, although his finance is split up into small packages, linked to specific projects or groups of projects, it is short term. land has been sold to Metro-politan Real by the local authority on condition that small business units are con-At the same time Metropoli-tan Real is facing what looks like a slowdown in the market. The company has stopped

FINANCIAL TIMES FRIDAY APRIL 14 1989

structed. The schemes themselves are kept simple. Like Skillinn, Metropolitan Real has discovered the cost advantages of

ered the cost advantages of standardised design. Speed is one way of holding dnwn costs. Annther way of reducing risks is to go into joint ventures. Mr Palmano said that one of Metropolitan Real's partners — in three schemes in 1988 and three this year — hes been Ahbey National. Unusnally for a huilding society, it has ant only provided loan finance but taken an equity stake. Other jnint venturers are Tarmac juint venturers are Tarmac and Trencherwoo

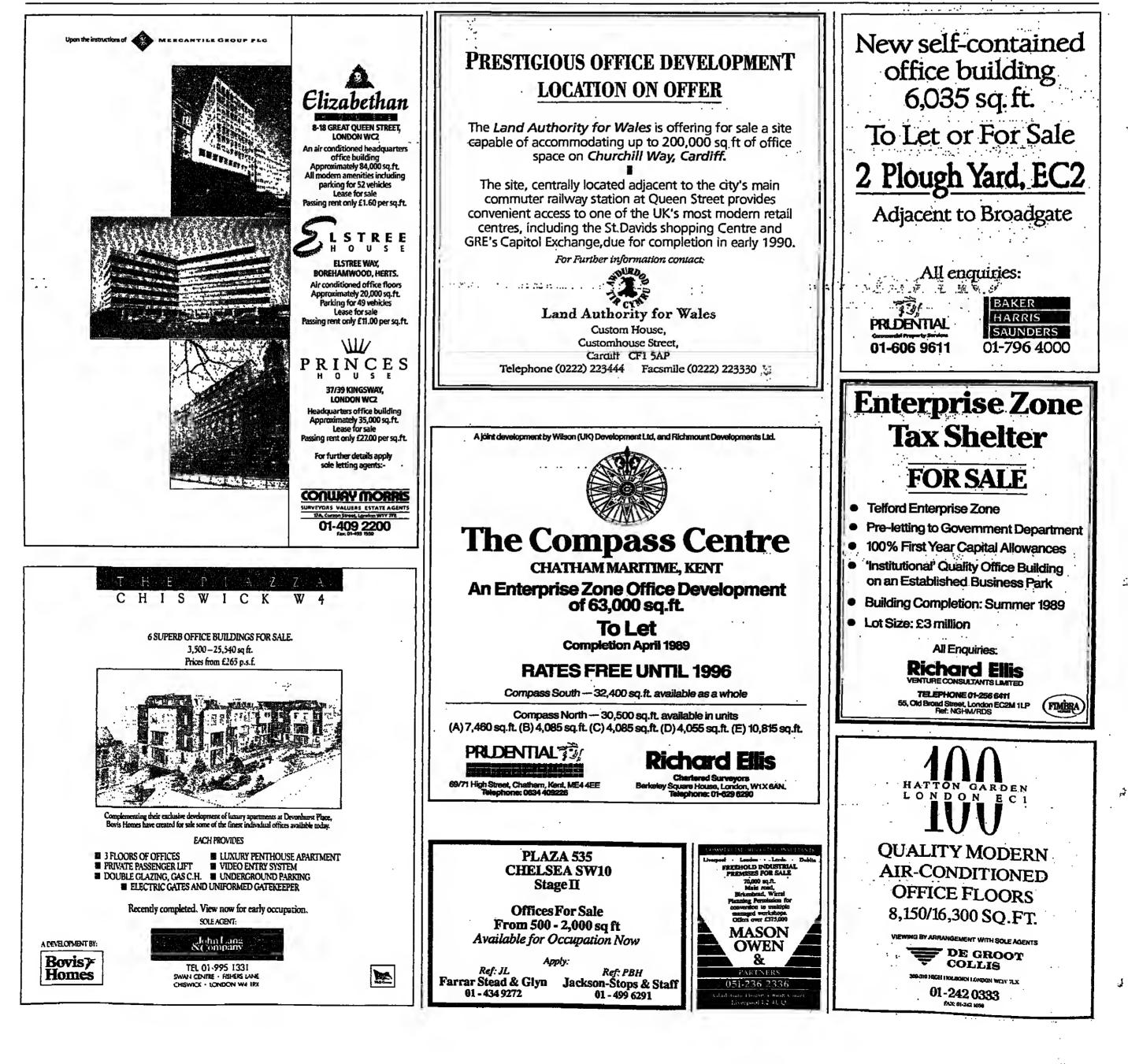
and Trencherwood. Finance has been made available by British clearing and merchant banks, underlin-ing the enthusiasm of the banks for property lending, and lo selected schemes by the Government.

Until 1987, Metropolitan. Real's profits were negligible, but in the nine months to last January, it made pretax prof-its of £1.98m. Latterly pretax profits have been coming in at the rate of over £230,000 a

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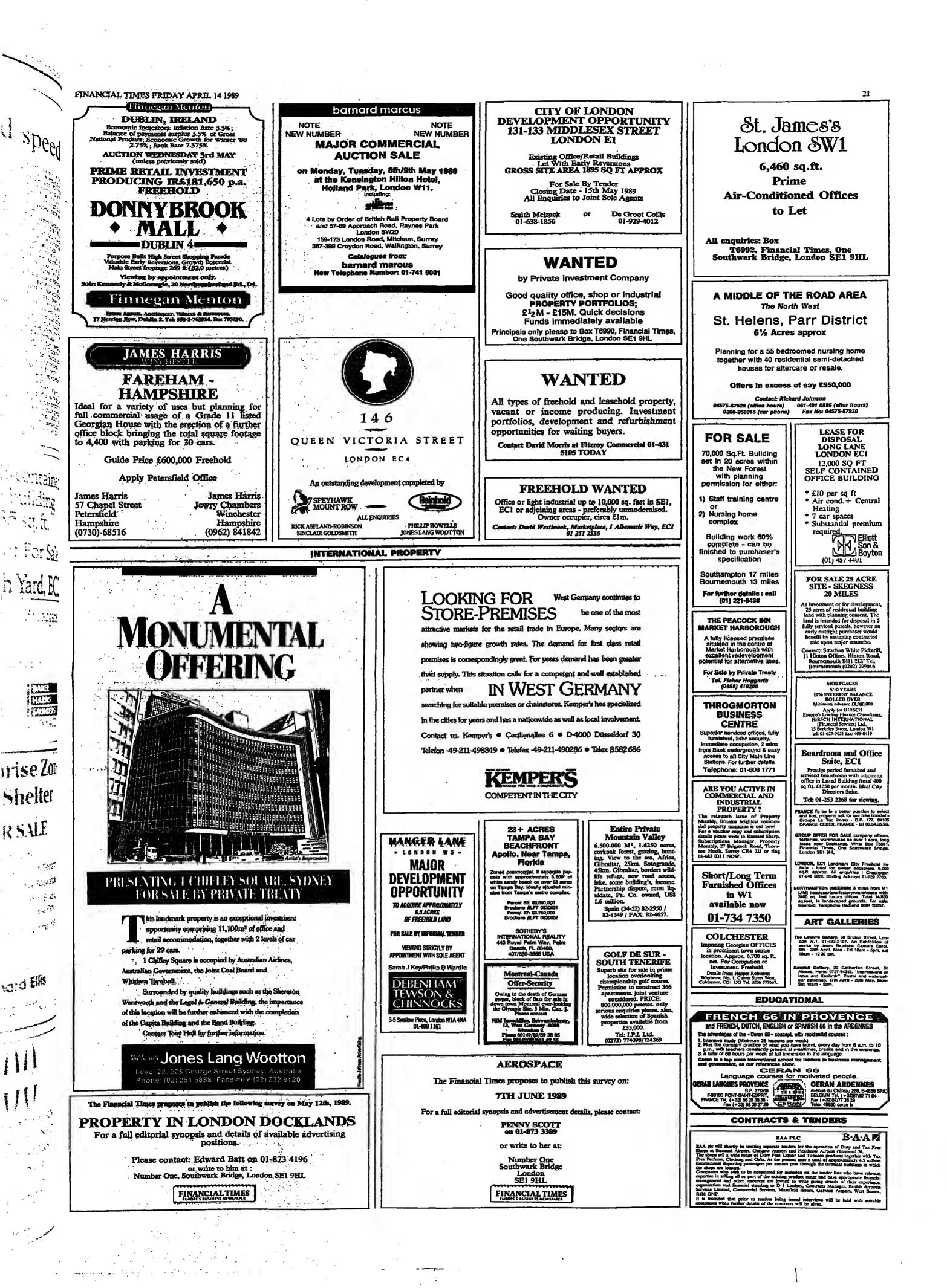
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Arts Week FIS |Sul MITU WITh

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THEATRE London

Fuente Ovejuna (Cottesloe). Wonderful production of Lope de Vega classic by Cheek By Jowl director and designer Declar Donnellan and Nick Ormerod. The best National production in this venue since the Bill Bry-den company. May 3-6 (928 2252). Red (Cottesloe). Imaginative reverie for old codgers in pyjamas and a sleeping den as big as the Great Bed of Ware itself. The delightful and unusual proceed ings are scripted by Jim Cart-wright, directed by Julia Bardsley. April 14-19, April 26-May 2 (928 2252). Hamlet (Olivier). This picturesque Renaissance revival hy Richard Eyre for the National Theatre is a disappointment. though Daniel Day-Lewis may improve with experience in the role, Judi Dench is a muted Gertrude, Michael Bryant a superbly busy and dangerous Polonius. Fullish text, but no emotional or intellectual fire. May 2-8, 16-18, May 25-June 1 (9:38 2:52). Single Spies (Queen's). The high-light of Alan Bennett's double bill is a comic confrontation between Prunella Scales as He Majesty the Queen and Bennett himself as Anthony Blunt in the royal picture gallery. Simon Callow plays Guy Burgess in a re-hash of Bennett's film An Englishman Abroad (734 1166). A Walk in the Woods (Comedy). Alec Guinness and Edward Herrmann in feeble off-duty arms negotiation encounter by Lee Blessing. Guinness, back on the London stage after 10 years, is in subtle virtuoso form as the Soviet veteran of tactical stone walling and no-dealing tricks (930 2578, cc 839 1438). Brigadoon (Victoria Palace). 1947 Lerner and Loewe "heatherscented" Scottish fairvtale hit is handsomely revived and well sung, less frail than expected (834 1317, cc 836 2428). The Vortex (Garrick). Maria Ait-

ken and Rupert Everett in bril-liant reappraisal by Philip Prowse of Noel Coward's 1924 study of drug addiction and mother fixation. Mannered. excessive, beautifully costumed. A must for yuppies (379 6107, cc 741 9999). Mrs Klein (Apollo). Intriguing chat among the child psychoana-lysts in Nicholas Wright's hit transfer from the National. Fizzing performances from Gillian Barge, Francesca Annis, Zoë Wanamaker (437 2663, cc 379

4444). Henceforward (Vaudeville). Ian McKellen and Jane Asher in bleakly funny and experimental Alan Avckbourn comedy of uture shock and strained marriage. A tale of obsession, devotion, computer music, women as robots, gangs on the streets and a tug-of-love (836 9987, cc 741 9999). Aspects of Love (Prince of Wales). Andrew Llove (Finice or intimate new musical, adapted from a novel by David Garnett,

opens with mixed reports from the previews. Trevor Nunn directs, Michaal Ball stars oppoalte Kevin Colson, who has replaced Roger Moore (839 5972). King Lear (Old Vic). Eric Porter in titanic and lyrical form in Jonathan Miller's production. Paul Rogers is Gloucester, Gemma Jones and Frances de la Tour are Goneril and Regan. The light-ing has been described as either murky or a calculated sop in 17th century Tenebrist painting (928 7616, co 261 1821)

Rotterdam

Chicago Evita the original Broadway pro-duction with Finrence Lacey. Tue, Wed (two perfs). Doelen (413 2490). New York

ning drama covering 20 years in the life of a successful Ameri-can baby boomer goes from sup-port for Eugene McCarthy's presidential aspirations to electoral ambitions in the 1980s, accompa-nied by the musical and emotional flavour of the period (239 6200). Lend Me a Tenor (Royale). A sprucing up in the set of a decay ing town's hig time opera ambitions makes a transatlantic hit

London, but now with a local cast led by Philip Bosco and Vic-tor Garber (239 6200), Shirley Valentine (Booth), Pauline Collins brings ber West End triumph to Broadway in Willy

Russell's amusing and touching story of a Liverpool woman's awakening in the Aegean See. Simon Callow again directs with-out smoothing any of the Northern English edges that retain an authentic touch. Cats (Winter Garden), Still a Cats (winter Garden). Soli a sell-out, Trevor Nunn's produc-tion of T.S. Eliot's children's

poetry set to music is visually startling and choreographically feline (239 6362). A Chorus Line (Shubert), The A chords line (sindert). The longest-running musical in the US has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its back-stage story in which the songs are used as and/discor price that the

are used as auditions rather than emotions (239 6200). Les Misérables (Broadway). The Les priserantes (broadway). Lie magnificent spectacie of Victor Hugo's majestic sweep of history and pathos brings in Broadway as in pageantry and drama (239 6200).

(239 6200). Phantom of the Opera (Majestic). Stuffed with Maria Bjornson'a gilded sets. Phantom rocks with Andrew Lloyd Webber's haunt-ing melodies in this mega-trans-fer from Loudon (239 6200).

Washington

Sophisticated Ladies (Kennedy Center Opera House). The first Soviet-American co-production of a Broadway musical features an energetic cast dancing and singing to a Duke Ellington score highlighted by Satin Doll and Take the A Train. Ends May 27 (254 270) (254 3770).

eed of Darkness (Goodman).

The world premiere of Steve Tes-ich's domestic drama involves the reunion of Vietnam veterans

and the havoc it wreaks on s successful South Dakots family. Robert Falls directs. **Beidi Chronicles** (Plymonth) Wendy Wasserstein's award-win-Tokyo Kabuki. At the National Theatre (285 7411). Shinsarayashiki Tsuki Amagasa (O Tsuka's Death) depicts the uneasy relations between the upper and lower classes in the late 18th century and contains a famous scene

in which the leading character aks a vow and turns back to drink. of this farce, first produced in

OPERA AND BALLET London

Royal Opera, Covent Garden. La clem La clemenza di Tito, one of the Royal Opera's most admired Mozart productions of the postwar period, returns with its original conductor, Colin Davis. English National Opera, Coli-seum. Eugene Onagin, an opera not previously given by the ENO at this theatre, is produced by Graham Vick and conducted by Mark Elder, with Jonathan Sum-mers in the title role and Marie McLaughlin as Tatyana.

ARTS

ballet company in the La Scala production of John Cranko'sver

sion of *The Taming of the Shrew*, conducted by Alberto Ventura

Spazio Della Cavallerizza. Ame-deo Amodio's Aterballetto com-

pany in his new and as yet unti-iled production danced to jazz

composed and performed by Norwegian saxophonist Jan Garbe-

rek, and percussionist Nana Vas-

Teatro Regio. Alberto Fassani's full-length production of Masse-net's *Manon*, designed by Pier Luigi Samaritani. Fianuna Izzo

d'Amico sings the title role, with Mario Bolognese (alternating with Mauro Buffoli), conducted by Reynald Giovaninetti (Sun,

Testro La Fanice, Emil Tchaka

Muziektheater. Tanztheater

rov conducting Purcell's Dido And Aeneas (arranged by Benja-

concdelos (Sat).

(Fri, Sun) (46.17.55).

Reggio Emilia

Turin

Tues) (548.000).

Venice

min Britten

Amsterdem

Paris

Opéra. Tchaikovsky's Sleenin Beauty comes back in the Palais Garnier in Rudolf Nureyer's cho-reography inspired by Petipa in Nicholas Georgiadis decor. (47425750). Milan

Teatro alla Scale. Last perfor-mance of Giorgio Strehler's production of *Don Giovanni*, con-ducted by Riccardo Muti, with gloomy but impressive sets by Ezlo Frigerio and costumes by Franca Squarciapino. (80.91.26). Rome

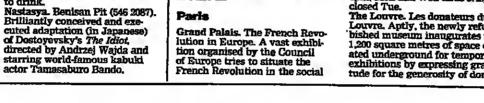
Teatro dell'Opera. The opera's

EXHIBITIONS

London

The Whitechapel Art Gallery (in collaboration with the Fundacio Joan Miro, Barcelona), Joan Miro: Paintings and Drawings 1929-41.Until April 23 - spon-Sored by Citicorp/Citibank. The Hayward Gallery. La France: Images of Women and Ideas of Celebration of France. the Revolution Revisite exhibition is an odd and delight-Automation is an our and reagn-ful anthology of images of that sometimes seductive, sometimes daunting personification of La France, Marianne, as she has been has been depleted in French art over the two centuries since the Bergiutice the Revolution, with a few ante-cedents thrown in. Daily until April 16: then on to tha Walker Art Gallery, Liverpool, May 3 to June 11.

and political context of Europe as a whole. Ends June 26 (42895410). Grand Palais. Paul Gauguin. Coming after Washington and Chicago, 250 works from all over the world form an important retrospective of the legendary peintre maudit, influenced at first by the impressionist Pissarro and later by Degas and Cezanne.Until April 24, close to one of the world'a most



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Munich

and Guido Goetzen.

New York

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Femando (Sut. Tues). Crue, premiere, and Wed). Pre-miere of the Netherlands Opera Hemburg

Bochum in Callas, chorso-

Accompaniment Orchestra.

Wimberger. (51444, ext. 2660).

Théâtre Royal de la Monnaie. Fidello is produced by Adolf Dre-sen with the orchestra and cho-

throughout its existence. Entry

throughout its existence. Entry through the Pyramid, Hall Napo-leon, Nivean Accuell. Musée Jacquemart-André. Rus-sian historical costumes. Lenin-grad's Hermitage Museum has lent 200 exhibits from its trea-ure terms of historical costumes.

sure trove of historical costumes

dating from 1700 to 1914. 158, Bld Haussmann, 12 noon-

rus of the Monnaie conducted

Litrecht

Vicana

Brussels

double bill of Ravel's L'Heure Espagnole and Falla's El Retablo de Mases Pedro directed by Hel-mut Polizza.(355 435). Staatsoper. Harry Kupfer's wholly delightful production of *Beisozar* with Helen Donath, Walter Raffeiner, Harald Stamm and Carmen Anhorn. Die verkoufte Brout is a well done reper tone performance. Can und Pag stars Julia Vanady, Giorgio Lam-berti, Piero Cappuccilii, Wisdimir Atlantow; Natalia Troiraksya and Louis Quilico. Vredenburg. Ottone, performed by the Anne Teresa de Keersod's Faust from the Utrecht Opera Choir with the Amsterda Cologne

Opera. Cologne honours tha great producer Jean-Pierre Pon-nelle, who died last year, by res-taging the complete Mozart cycle of seven operas. Frenkfort

Staatsoper. Eugen Onagin is con-ducted by Mark Ermlar, with a cast including Gertrude Jahn, Rohangiz Yachmi and Heinz Zad-nik. Der Rosenkuzalier. con-ducted by Peter Schneider, is sung hy Lucia Popp. Trudellse Schmidt, Patriciz Wise and Peter Wimberger. (51444, ext. 2660). Opera. Artifact has wonderful William Forsythe chareogra-phy. There was much applause for the opera debut of the Lievi brother's La Clementa di Trio production, when it opened. The Inain parts are parfect surg by Anita Soldh, Keith Lewis, Mar-tanne Roholm, Pia Marie Mils-son, Gregory Yurisch and com-ducted by Cary Bertini. Also offered Dido and Aeneas. by Hans Zender. Janis Martin is Leonore, Josef Protschka Flo-restan and Roland Hermann Don

Opera. Tannhäuser is sung by

books of Picasso. This exhibition of 40 sketchbooks and around 200 paintings, organised by the New York based Pace Gallery and sponsored by the American Express company, will have its second stop here in Frankfurt on the European tour.Ends May

Berlin Fritz Koenig, 35 sculptores

worked in iron, 70 script pictures and 80 drawings by the German artist Fritz Koenig, born in 1924 are exhibited until May 1. Akade mie der Künste, Hanseatenweg 10.

Cologne .

Bilderstreit. Rheinhallen der Kölner Messe, Messegelände. Deutz. The two organisers Johannes Gachnang and Siegfried Gohr, present "contradictions and contrasts as the essential source for the debate about contemporary art".Ends July 2.

tionismus, Wien 1960-1965, Ends

Accademia di Spagna. The Miros of Miró: More than 100 works by Joan Miró, including ceram-

ics, drawings and watercolours and oils, which had been kept in the artist's studioin Majorca

until his death in 1963. Until

Vienna

May 15.

Rome

June 4.

major retrospective of the work or Kasimir Malevich combines loans from leading Soviet gal-leries with the famous holdings of the host museum. Ends May The Bawag foundation, run by the Bank für Arbeit und Wirt-Van Gogh Museum. Prints, draw

van cogn sumerin. Frints, usaw ings and gouaches illuminate the work of Gauguin's followers who banded together under the name Les Nabis, Ends May 28,

Bruggole

Palais des Beaux-Arts, Art Deco in Europe. Tues-Sat, closed Mon. Ends May 28.

Musées Royaux d'Art et d'His-toire. Tibet - Terror and Magic, sculptures and paintings of lama ist gods on loan from the Musee Guimet, Paris, Indus: Ancient Civilisation from Pakistan (both closed Monday and end May 14)(733.9610).

Frankfort

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"Je Suis le Cahier', the sketch-

Austrian painter, Knrt Welther, One of his hallmarks is his sympathetic evocation of provincialsatisfield evolution of provincial-ism, Ends May 6. Museum for Applied Arts. Ans-tria's rebellious artists of the 1960s have their onw exhibition here entitled, Aktionsmalerie Ak-

Art. Odilon Redon. A major ret-

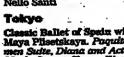
role of *Rigo* Nello Santi Tokyo

Metropolitan Opera. Benjamin Britten's Billy Budd continues with Thomas Alien in the title with Thomas Anima and the table role, James King as Captain Vere and Jan-Hendrik Rootering as Claggart, conducted by Thomas Fulton. Sumi sings Gilda and Leo Nucci continues in the title role of *Ripoletic*, conducted by

Richard Versalle, Alfred Muff, Wolfgang Brendel, Nadine Den-ize, Sabine Hass and Christor Bladin. The ballets *Rhapsociel*

Diston. The Dallets Anapsocie/ Thesens and Arindre are both choreographed by Youri Vamos. Marco Arturo Marelli's produc-tion and sets complement won-derful singing by Yoko Watanabe and Michael Sylvester.

Stantsoper. Aida, conducted by Gaiseppe Patane inrespectable with Anna Tomowa-Sintow, Lando Bartolini, Bruna Bagiloni



Classic Ballet of Spein with Maya Plisetskaya. Paquita, Car-men Suite, Diana and Actaeon. Maria Suuar, Showa Women's Valueria Historia Momerical Viol University Hitomi Memorial Hall, near Sangenjaya (Thurs) (265 6361).

New York Pierpont Morgan Library Master drawings borrowed from Hol-land's oldest museum, the Teyler in Haarlen, focuses on work by chelangelo, Raphael, Golzius mbrandt and Guercino amou 100 pieces from the 16th and 17th centuries, Ends April 30.

Washington National Gallery of Art. Octanne: the Early Years. Already seen at London's Royal Academy of Art and the Musée d'Orsay in Paris, the exhibition

comprises 65 offs and 35 draw-ings showing Cézanne's proto-im-pressionist techniques from 1859 to 1872. Ends Avril 50 to 1872, Ends April 30.

Chicago

Art Institute.As part of a national tour, 67 rars ancient Greek sculptures, bronzes, and painted terracotta trace the development of the human form development of the faith in art from the tenth to the fifth centuries BC. Ends May 7.

Tokyo

National Mnseum of Western Art. Masterpieces from the Vati-can. A somewhat random selec-tion of paintings and sculptures, chosen to demonstrate the devel-opment of western art from ancient Greece to the Renais-sance as well as to present the architecture of the Vstican (tself, Closed Mondays, National Moseum of Modern Art, Oflion Redon, A major yet.

Art. Odilon Redon. A major ret-respective featuring more than 200 paintings, prints and draw-ings by the great French Symbol-ist, attractively arranged by sub-ject matter (monsters, angels, apparitions etc) rather than chro-hologically. Most of the works are from public collections in Japus of from the Jan Woodner Family Collection in New York,... Closed Mondaya...

famous museums. Erected as a medieval fortress in 1204, the Louvre later expanded into a renaissance royal palace only to be turned into a museum in Miot's photographs from Tahiti 1869-1870 show the melancholy reality behind Gauguin's dreams revolutionary 1793.Open 9am-6pm, Mon and Wed until 9.45pm, closed Tue. of an exotic paradise. Closed Mon, ends April 23 (40494814). The Louvre. Les donateurs du Louvre. Aptly, the newly refur-Amsterdam bished museum inaugurates the 1,200 square metres of space cre-ated underground for temporary Stedelijk Museum, The first exhibitions by expressing grati-tude for the generosity of donors

Tue; late closing night Wed (42 96 53 30). The Louvre, The glass pyramid, built by LM. Pet, the Sino-Amari-can architect, has opened to the public as a dramatic entrance

6.30pm; ends May 31. Musée des Arts Decoratifs. The intimate world of Alexander Calder. some 300 works, most of them gifts to family and friends and, as such, exhibited for the first time, show the inventiveness and sense of humour of the sculptor. Ends May 21. Closed Mon and Tue (42603314)fusée d'Orsay. Paul-Emile

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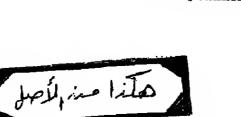
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Signature	Date
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ngouville Lane, St. Heller, Jersey, Channel Island dving a higher co Miner (CAR') If he is



NOTICE OF REDEMPTION

To the Holders of

UNITED KINGDOM

Fifteen Year 8%% Bonds Due 1993

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Fiscal Agency Agreement dated as of May 1, 1978 and the Terms and Conditions of the Bonds, Morgan Guaranty Trust Company of New York, as Fiscal Agent, has selected \$3,918,000 principal amount of the \$3% Bonds due 1993, for redemption on May 1, 1989 for the mandatory Sinking Fund at 100% of the principal amount thereof plus accrued interest to the redemption date as follows:

OUTSTANDING BEARER BONDS OF \$5,000 CALLED IN FULL EACH BEARING THE FOLLOWING DISTINCTIVE NUMBERS: 14309 15698 15701 15711 15717

OUTSTANDING REGISTERED BONDS CALLED IN FULL OR PART AS STATED EACH BEARING THE FOLLOWING DISTINCTIVE NUMBERS-

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THE LORDS COMMISSIONERS OF HER MAJESTY'S TREASURY

Dated: March 31, 1989

The following Bonds each bearing the following distinctive numbers previously called for redemption have not as yet been presented for payment:

Principal Anount to be Number Redecated 566 \$ 5,000 4236 25,000 4238 25,000 4242 25,000 4243 25,000 4243 25,000	Amount to be Namber Beckward 4270 \$5,000 4556 \$,000 4557 \$,000 4553 \$,000 \$167 \$,000 \$167 \$,000 \$210 17,000	Prioripal Automatics ho Number Referented 12455 \$13,000 12462 3,000 12465 3,000 12501 1,000 12510 11,000 12510 11,000	Principal Amment to be Number Brickment 12519 \$95,000 14250 \$,000 14826 \$,000
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ARTS

Speed Spanish talent Susan Moore at the National Gallery

National Gallery

y oya dominates 18th and 19th century Spanish art like his famous Colossus. No other painter second to other painter seems to exist save this dark brooding giant. The National this dark brooding giant. The National Gallery'a current exhibition, Painting in Spain during the later 18th century (until May 31; sponsored by Banco Bil-bao Vizcaya), delves into his shadow to extract a small group of contemporary painters, primarily Francisco Bayeu y Subias, Goya's master and broth-er in-law; Luis Meléndez; and Luis Paret V Alcézar y Alcázar.

Confusingly, the title of the show belies both its size and its purpose. This is not the 200-exhibit, 51b-catalogue blockbuster one might expect. There are no works by Goya, Mengs or a host of lesser lights, and only 37 works in all With the exception of Paret's two large altarpieces generously lent from an remote church in Navarre, all are of modest size.

The exhibition grew out of a scheme for a joint display in the gallery's Paint-ing in Focus series - combining recently acquired and relatively minor recently acquired and relatively minor canvases by Bayen, Meléndez and Paret - but grew only as far as the space of one gallery would allow. Thus it serves as a coherent and fascinating introduc-tion to Spanish painting. In the case of Meléndez, who must rank among the greatest of all still-life painters, it is a tantalisingly brief preface. The threads are drawn back to Cor-rado Giaouinto, the Negnolitan painter

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The threads are drawn back to cor-rado Giaquinto, the Neapolitan painter, summonsed to Spain by Ferdinand VI to decorate the newly hult Royal Pal-ace in Madrid, and to become the first director of the Royal Academy of San Fernando. He introduced to Spain an For Sal exuberant, freely painted rocco style and a luminous high palette. His infin-enced proved enduring, even after the arrival of his successor Anton Ranhael Mengs. Mengs, who along with the aged Tiepolo' was bronght to Madrid by Charles III, established a cool, refined



Still Life with Bread, Cured Ram, Cheese and Vegetables by Luis Meléndez

neo-Classicism, the antithesis of Giaquinto's art, as the new court style. Giaquinto's florid, highly finished oil sketch of the Birth of the Sun and the

Triumph of Bacchus for a ceiling fresco in the palace hangs beside works by his pupil Antonio González Velázquez (no relation), and his pupil Bayen. The lat-ter shows a chameleon-like ability to adhere to both schools, reserving a Mengsian formality, clarity and polish for finished freecoes and altarpieces while executing preliminary sketches with an institution important and for with an instinctive, unerring and far more appealing Italianate fluency. This stylistic tension is apparent even in

Goya. Unlike Bayen, the most successful painter in Spain at the turn of the cen-tury, both Meléndez and Paret were forced into exile and out of the mainstream of official art. Both died impoverished. Meléndez, best known as a painter of still-lives, intended to estab-lish himself as a portrait painter: the

Louvre's swagger but subtle self-portrait of the confident young artist is a revelation. Expelled from the Academy, during the last 20 years of his life, still lives, executing some 100 of which

nearly half languish in store in the Prade Nine have been borrowed for ths show, and all are breathtaking. Melénshow, and all are breatnaking, Melen-dez is a painter of surface and texture; crusty bread; gourds, fruit, nots and workaday kitchen ntensils provide him with an ample repertory. The beaten copper of a chocolate pot glows against his impenetrably dark backdrops, light slides over the smooth surface of Chi-nese porcelain to break on the edge of slabs of chocolate and their paper wrapping. Reflected light defines the elon-gated neck of a glass bottle, describing the twisted, fraying string knotted around it. His depictions of dry, cured ham, chorizo and mint, cloves of garlic, waxy cheese and a succulent, weighty

cut of salmon are enough to send one rushing to the nearest tapas bar,

Paret's delightful canvases owe as much to the rococo of Watteau as to that of Giaquinto or Tiepolo. He is represented here by arguably his most famous project, the series of views of Cantabrian ports commissioned by the future Charles IV, and modelled on Ver-net's series of French ports painted for Louis XV. These seven (of 12) canvases have not been seen together since 1808. The finest - views of Fuenterrabia, and of the paseo of El Arenal at Bilbao -are cunningly contrived and delicately coloured evocations of life as it might be seen under Charles III.

Paret played a part in Charles III's programms of urhan improvement, designing monuments and fountains. These, and a great deal more, feature in Michael Helston's matter-of-fact and unusually useful accompanying audio-visual.



engage him most is the big waltz in Act 2, which goes with a tremendous swing. Also the Act 3 Polonaise - but there Vick's realisation is greyly staid, as if to explain the reve nant Eugene's glum response not hy his being saider and wiser, but merely by the fact that everybody is older Ethna Rohinson's lively,

nubile sister Olga fails only at the last hnrdle, when she retorts to Lensky's distress, at the party, over her flirtation with Onegin that she doesn't know what he means, either she's lying or not: we have to

QUEEN ELIZABETH HALL Tremendons Médée! Cherubini's Classical tragedy follower), with its anachronistic recitatives and its swinge-ing cuts in the original num-Cherunin's Classical tragedy of 1797 was presented on Wednesday night in concert by the Orchestra of the Age of Enlightenment as part of the South Bank's "Revolution Revisited" series: few operas could be more appositely cho-sen. bers, held sway. In 1964 the Buxton Festival pioneered a seturn to the original; next sea-son Covent Garden intends to add the same to its repertory. Meanwhile, Wednesday's con-cert was a chance to introduce in it the Classicism natural the original Médée to London, and to prove its infinite superi-

to this composer and the Romanticism already on the and to prove its minute super-ority over its offspring. The chance was missed. In the matter of a part-spoken, part-sung Médée the vardict "case unproved" must here stand: in many respects this horizon fix an explosive encounter. At times, indeed, the work seems about to burst at the seams, while yet being contained within one of late-Contained within one of late-18th century opera's most finely contrived structures. *Médée* comes after the Terror, but often - most clearly dur-ing Medea's final cries to the was a terribly disappointing performance, embarrassingly mispronounced and misac-cented by most of the members of an entirely Anglo-Saxon Sumenides, while piccolos squeal above violent phrases of revolutionary fury - one hears cast. (How very strange that the "Revolution Revisited" series has failed to employ a single francophone singer!) its post-ecbo. A pre-Stravin-skyan rhythmic demon courses The numbers were all hrutally cut. The preparation of the through the score; the vocal lines of the leading character sweep from the top of the stave orchestra and chorus seemed incomplete, and the rapport with the conductor, Gabriele to the bottom and up again. This is one of the most disturb-Ferro, insecure - at least until Act 3, where ensemble and ing of all operas. attack began st last to cohere and take fire.

Médée is not an unknown opera, but in its original form it is very little known: that is, as a French opéra-comique, with speech and song in carefully weighted alternation. In the Callas years, an Italian translation of the adaptation by Franz Lachner (a Schubert success. Miss Connell made her

Médée

entrance from mid-auditorium, and raised the temperature from tepid to fiery with her first words. In red and gold she cut a grandly theatrical figure - and the heat of the stage was indeed felt in her whole performance. Without having mastered enery spoken word mastered every spoken word (her pronunciation of "oeil" needs instant correction), the soprano showed a determination to project the spoken lines with a dramatic fervour quite

73

with a dramatic fervour quite unknown to her companions on the platform. As a singer Miss Connell was thrilling: clean-lined, with a Classical breadth for "Vous voyez" and "De trouble affreux", colourful in timhre, energetic in phrasing, tireless at inst those points where she at just those points where she could have been forgiven for flagging - surely she has no real need of all those snips and slashes to the text of the Act 1 and 3 finales. Alongside her Anthony Rolfe Johnson (Jason) and Lillian Watson (Dirce) were appealing but sometimes strained; Linda Finnie (Neris) was strong, a little raw, and John Hancorn (Creon) hopelessly overparted. None showed much sense of character. Mr Ferro, an admired Rossini conductor, softened the edges of the music and failed

But it was also a chance to introduce to London Elizabeth Connell's account of the title role, acclaimed in Sydney not to sound its frenzy. long ago. From this point of view the occasion was a huge

Max Loppert



Annette Crosbie and Sharon Duce

The Way South BUSH THEATRE

The young writer Jacqueline Holborongh hrings another play about women in prison to lic interest. The play's first apparent weakness is that we never the spine-bending, leg-con-stricting Shepherd's Bush peni-tentiary they call a pub theaknow why Sharon Duce's horse-loving, vaguely middleclass Jo is serving such a stiff tre, where two years ago her Garden Girls won acclaim and sentence as a Grade A pris-

Annette Crosble's performance as the prison officer. She makes the Act 1 climax, with her declaration that she is "lonely and tired and miserable - and I don't know what else to do" much more than the fairly predictable cliché it



other venues.



enough but one had hoped for more.

COLISEUM

Vick and his designer Sally Jacobs (whose costumes are irreproachable) have decided to. set Onegin in a black volcanic landscape with slashes of white and lurid ped. Maybe one ought to think "Ah yes, fire and ice!" but one doesn't one thinks, "cardboard cut outs." So, apparently, do the guests at the Larin party, who keep sidling past an angry lava-outcrop without a qualm. The choral contingent of serfs emerges from the chasms in measured double-file, and retreats in the same way. On an improbable peak at the rear sits a highlit 3-D church, significant because it has absolutely nothing to do with the story. In front we get variously the Larin country estatc, which consists of sparse indoor and outdoor furniture. on a single hydraulic platform, and token indications of the



Catherine Wilson and Marie McLaughlin

. . . .

not to "kneel," he is already spreadeagled prostrate on the floor, and thereafter he bellows In the circumstances, it is not easy for Jonathan Sum-mers' world-weary Onegin to all the way to the end. It remains unclear why, in Act 3, he should suddenly go in for react to the simple countryside and its denizens with appropristely complicated feelings. The histrionic gestures and centrevoice is sonorous and heartfelt, the manner hectoring, the stage posing when earlier -like everybody else - he has been standing about with danstyle distinctly reminiscent of gling arms, in the familiar tra-dition of British amateur thea-Oscar Levant in a tuxedo: not uncouth, but not much like an urbanely superior aesthete. When in their final confronta-tion Tatyana asks him please tre. Maris McLaughlin's cager Tatyana, broadly stretched,

scores her points loudly, with feeling but with excessively plaintive timbre. Her 'letter scene" should admit of much more delicate detail, and surely will. Arthur Davies offers a most touching and attractive Lensky, and yet hawls his swan-song with the lusty self-pity of a Puccini hero -just where a slender, sad-sweet line ought to fix the character indelibly. Nor do such moments enlist Elder's best sympathy: what seems to

low which, but she gives us too little evidence. Mama is Catherine Wilson, whose symptoms of character would ripen in a context less denuded of ordinary life. Patricia Payne's fine nurse has already had that advantage on other stages and it was disappointing here to see her reduced to a stareotype. Tatyana's eventual husband

Prince Gremin is Norman Bailey, who endows him with all the elevated sincerity one expected: bravol Edward Byles turns M Triquet's *couplets* in pretty style, and as Lensky's stern second for the duel Richard Van Allen casts a sobering chill. From such a team, Vick might have drawn much more. It was silly, and cack-handed too, to deny them of the surrounding human detail in which they could flourish. David Murray | move would not be in the pub-

awards. For all its isolated moments of humour, general mellowness and basic humanity, the latest piece must be regarded as a pleasantly insub-stantial interlude, marking time in a promising career.

Alison Chitty's set defines the hospital cell with a differ-ent coloured floor area from the untrammelled fantasy where prisoner Jo roams in her memory. Her cell contains a bed, bedside locker, a chair and, depending on her state of grace with the anthorities, flowers, hooks and a radio. These can be removed as a sign of disfavour when, for instance, she persists in a hun-ger strike till death - or until her application for a transfer to a softer prison down south is granted. So far, and after 13 years of incarceration, the Home Secretary maintains her

oner. The young man (Robert Hines) who figures in her threatens to become. The second half finds both women cheerful, friendly and memories has a northern Irish accent; references are made to the violent death of acquainin reminiscent mood, recalling tances, to Jo planting a bag at a railway station, to atrocity. But these jigsaw pieces are spread over too long a period and seem to betoken another play. Indeed, it is not clear eractic what theme the author hoth prison experiences and red-letter days in the outside world. Here Miss Duce is more at ease than in the throhbingly dramatic exclamations she has exactly what theme the author has decided on. We skip from jail conditions to the put-upon bumanity of prison officers, to the bitterness engendered by unemployment and the ontraged pride of men when their womenfolk are the breadwinners, to the miners' strike, to comfortable liberals. But illn-mination amounts to no more than a glancing, sometimes light-hearted, flicker.

But if the episodic nature of the short play betrays a lack of ovarall shape, consistent plea-snre can he drswn from

let rip with in Act 1, a hard test for an actress in the self-consciousness inducing intimacy of the Bush. John Bur-gess' direction does little to makes the mood-shifts coalesce; and when Jo finally exclaims in desperation, "They can't keep you here forever -can they?" we feel that she, or at least the suthor, should tell us, since she knows more of the background than we are allowed, momentarily, to glimpse or care about.

Martin Hoyle

508 maps, made the same sum,

ARTS GUIDE

MUSIC

London Philharmonic conducted by Matthias Bamert. Berlioz. Beethoven. Offenbach, Saint-Seëns, Satie/Debusay, Chahrier. Dukas. Royal Festival Hall (Frit-

Dukas. Royal Festival Hall (Fri). (328 8800). London Philhermonic conducted by Franz Welser-Most, with Via-dimir Krainev (piano). Dworak, Rachmaninov. Royal Festivai Hall (Set) (328 8800). The Philharmonic conducted by Carlo Maria Gluihil. Pro-gramme to be amounced. Royal Festival Hall (Tue) (328 8800). Royal Philharmonic Orchestra conducted by Claus Peter Fine, with Peter Donohoe (piano). Mos-art, Beethoven, Dvorak. Royal Festival Hall (Wed) (328 8800).

Theatre de l'Athenée, Hermann Prey recital (Mon) (47426727). London Symphony Orchestra conducted by Pietre Boules, Bri-

ANNOUNCEWENT As explicitly announced on 16 October 1997 by "The Times" and "The Financial Times" the government of the People's Republic of Budgeria made a Final Otter of Settlement to persons who were United Kingdom nationals on 18 Bestember 1997, in respect of bond of certain toreign public toans. Of the Principatry of Settlement the Kingdom o Budgeria. The Otter remains open for acceptance until 15 October 1968.

British nationals, holdars of bonds, who decide to accept this Otter, should apply to the Paying Agent, NATIONAL WESTMINISTER BANK, Stock Office Services, National Westminister House, Station Way, Crewley, West Summer for a Form of Acceptance and a part of the Term

Vienna

(Wed) (47203637). Orchestre de Paris conducted

by Kent Nagano, with Cho Liang Lin (violin). Stravinsky, Mozart, Reich; Ravel (Wed, Thur) Salle-Pleyel (45630796).

Wiener Bachsolisien conducted by Ernst Wedam. Beethoven's minth symphony. Musikverein

e à luce

Nimitar Zhulev. Ambassador of the Paopie's Republic of Bulgaria

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Ambassing 190

ion Bondholders and the League Loans Committee (London) relar to lighted today on behall of the government of the People's Republic of mend bondholders to accept. The Council of Foreign Bo

pitte Fassbaander, mezzo-so-prano, Francisco Araiza, tenter Schoenberg, Mathler Chatelet. (Mon) (4022828). Nouvel Orchestre Philharmoni-gue conducted by Y. Prin, Claude Heiffer, piano: Jarrell, Cage, Mil-hand. Théâtre National de Chail-her (Mez) (42201216).

(Fri). Wiener Philharmoniker con-ducted by Horst Stain. Schmidt: Das Buch mit den sieben Siegeh. Musikverein (Sat, Sun). Wiener Symphoniker conducted by Georges Prêtre. Mozart, Mah-ler. Musikverein (Sun). Ensemble Kontrapmikte con-ducted by Peter Keuschig. Schoenberg, Holloway, Milhaud. Musikverein (Mon). Wiener Kammerphilharmonife conducted by Claudius Traumfell-ner. Purcell, Milhaud. Elgar. Wiener Simfonisches Kammeror-chester conducted by Anton Grabmayer. (Thur). Inand. Théétre National de Chail-iot (Mon) (42301516). Ensemble Orthestral de Paris conducted by Jerry Maksymink, Jean-Yves Thibaudet (plano). Haydn, Mendelssohn, Prokodew. Salis Garcean (Tue) (45632050). Heans Cotrubas, soprano recital. Chatelet (Tue) (4025323). Shiriley Verreti (soprano). Schu-mann, J. Nin, S. Barber, Verdi. Théétre des Champs Elysees (Wed) (4720567).

Brussels

The Monnele Orchestra and Cho-rus conducted by Hans Zender with Roland Hermann (base) performing works by Varese, Messiaen and Zender. Palais des Beaux Arts (Fri). Heana Cotrubas (soprano) in concert. Théâtre Royal de la

Monnais (Sun). Alfred Brandel (piano) playing works of Brahms, Besthoven, Liszt and Mozart. Palais des

Beaux Arts (Wed). Nankin Ensemble performs tradi-tional Chinese dance and music, Palais des Beaux Arts (Thurs). Frankfurt

Lezar Berman piano recital. Brahms, Prokoflev. Alte Oper (Sun).

Berlin

Berlin Fisilitarmonic Orchestra. Choeur de l'Orchestre de Paris and singers Waltraud Meier, David Rendall, John Tomlinson, Philippe Rouijion, conducted by

Daniel Barenhoim. Berlioz' La Domnation de Foust, Philhar-monie (Sun, Mon).

Amsterdam

Utrecht

Royal Concertgebouw Orchestra conducted by Charles Dutoit, with Ronald Brautigam (piano). tein, Stravinsky, De Falla (Sat).

Amsterdam Beroque Orchestra under Ton Koopman, with Wil-bert Hazelzet (traverso). Haydn, Mozari (Tee). Royal Concertgebouw Orchestra conducted by Riccardo Chailly, with Krystian Zimerman (piano). Wagemaar, Stravinsky, Bee-thovan (Wed to Fri). Concartge-bouw (718 345).

Hague Philharmonic conducted by Alain Lombard, with the Netherlands Chamber Choir and soloists. Verdis Requiem (Fri). Radio Chamber Orchestra conducted by Antoni Ros-Marba, with Theo Bruins (piano) and Vern Beths (violin). Arriaga, Vera Beths (violin). Arriaga, Berg, Haydn (Sat). Netherlands Wind Ensemble conducted by Edo de Waart, with Leo van Oostrom (saxophone). Andriessen, Hamburg, Van Keu-len (Sun matinee, and Mon). Radio Symphony Orchestra with Han de Vries (oboe), Gasetano Delogu conducting. Besthoven, Kalliwoda, Schumann (Sun). Amsterdam Barooue Orchestra Amsterdan Baroque Orchestra under Ton Koopman, with Wilert Hazelzet (traverso). Haydn, Moz-art (Thur). Vredenburg (31 45

Amsterdam Baroque Orchestra under Ton Koopman, with Wil-bert Hazelzet (traverso). Haydn, Mozart (Wed) Le Notte Bianche by Maminio

Le Note Example of Mathimo sung by Silvia Ranalli and Ren-ato Bruson, with Marcello Mas-troianni and Anne Maria Guarni-eri speaking the recitative, and pianist Garrick Ohisson.Audito-

37 (Thur) 63.72.294.

Rotterdam

Car 7800). New York Philharmonic con-ducted by Gunthar Herbig with Alicia de Larrocha, piano. Haydn, Mozart, Tchaikovsky. Avery Fisher Hall (Tue) (374

Avery Fisher Han (100763) Philharmonia Virtuosi con-ducted by Richard Kapp with the Taghkanic Chorale. Mendels-sohn programme. Town Hall (Tue). (842 1818).

April 14-20

Washington

National Symphony Orchestra conducted by Pinchas Zukarman. Mozart, Vivaldi. Kennedy Center Concert Hall (Tue) (254 S776) Concert Hall (Tue) (25/ 37/6). National Symphony Orchestra conducted by Mstislav Rostro-povich with Hakan Hagegard (baritone), Mendelssohn, Mahler, Sibelius, Kennedy Center Con-cart Hall (Thur) (254 3776).

Chicago

Chicago Chicago Symphony Orchestra conducted by Michael Tilson Thomas with Emanuel Ax (piano). Ives, Brahms. Orchestra Hall (The) (425 0012). St Louis Symphony Orchestra conducted by Leonard Slatkin. Haydn, Cinastera, Copland. Orchestra Hall (Wed) (435 0012). Chicago Symphony Orchestra conducted by Neeme Jarvi with James Galway (flute). Schubert, Corigliano, Orchestra Hall (Tue) (435 0012). rium in Via Della Conciliazione (Fri) (6541044). Barry Tuckwell, horn, and Keiko Suzuki, piano, playing Bee-thoven, Schumann, Koechin, Saint-Saens and Hindemith.Tea-tro Chione, Via Delle Fornaci 37 (Thor) 53 72 294

New York

New York Philomusica con-ducted by Robert Johnson. Haydn, Hindemith, Jacob Druck-man, Saint-Saens, Schubert. Mer-kin Hall (Mon) (362 879). National Orchestral Associates conducted by Jorge Mester with David Shiftin, clatinet. A pro-gramme of world premieres by Christopher James, Brian Fen-nelly, Martin Herman, Todd Ben-nett Levin. Carnegie Hall (Tue) (247 7800).

Tokyo NHK Symphony Orchestra, con-ducted by Kazufumi Yamashita. Takemitsu, Beethoven, Stravin-sky, NHK Hall, Shibuya (Wed, Thurs) (465 1781). Tokyo Philharmonic Orchestra, Eva Lind (soprano) with the con-ducted by Miguel Gomez-Marti-nez. Rossini, Donizett, Verdi, Bellini, Mayerber. Suntory Hall. (Thurs) (505 1010). Ustad Amjad Ali Khaz (sarod), Suntory Hall (Mon, Wed) (580 0031).

0031).

0031). Maurizio Pollini (piano). Bee-thoven, Brahms, Schoenberg, Stockhausen, Tokyo Bunka Kai-kan. (Wed) (289 9999).

SALEROOM Fruit and veg record

An elaborately illustrated description of the cities of the world, produced in Cologne around 1600, sold for 251,700 at while Piranesi's Views of Rome, a contemporary Roman edition of the early 1750s with 73 plates, realised £19,800. Bonhams bad one of its best Sotheby's yesterday. The price was at the very bottom of the estimate. *Civitates Orbis Terra-rum* by Georg Braun and Frans Hogenberg, is in six volumes and has 355 plates, coloured ever furniture sales yesterday, with a total of £347,270. Top price was the £49,500 paid by the dealer Carlton Hobbs for a pair of George I mirrors, mea-suring 85 inches by 45 inches. A Flemisb cabinet on a stand,

and has 355 plates, coloured throughout in a contemporary hand, heightened with gold. All told the morning session of a Sotheby's auction of Natu-ral History, Maps and Travel totalled 525,771 with less than 4 per cent unsold. Joannes Kip's Nouveau Théâtre de la Grand Bretagne, with over 250 plates and 40 maps, sold for £42,900 as against a top esti-mate of £12,000. It is a celebra-tion of the English country made around 1650, also did well at £20,900. wine from the Mirabelle, one of London's most expensive and celebrated restaurants, which closed last summer, come under the hammer at Christie's tion of the English country house during the Augustan Age (published in 1714) and includes the rare Sadler plate of Hatfield House.

of Hatfield House. The Dutcb edition of Weinman's *Phylanthoza icon-*ographia, with over a thousand plates, did well at £33,000, sell-ing to the London dealers Gra-ham and Oxley. It is the first botanical work witb colour printed mezzotints, and has heen describad "Of flowers, fruits and vegetables, a most compete and interesting record of the plants cultivated early in the 18th cantury."

Antony Thorncroft

in the 18th century." Valk's Atlas of the World, of the early 18th century, with

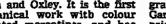
on April 20. Over 40,000 bottles are being disposed of, includ-ing a bottle of Chatean Lafite 1399, which is expected to make over £750. There are two bottles of Mouton Rothschild, 1005 criticated et aver 6200 1905, estimated at over £200 a

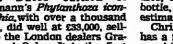
bottle, but there are also wines estimated at £60 a dozen. Christie's South Kensington has a record price for a photo-

The left over stock of fine

graphic sale yesterday when Garfinkle, a New York dealer, paid \$495,000 for a rare album of 87 photographs of Jerusalem taken hy James Graham between 1853-57. The top esti-mate had been \$10,000.







FINANCIAL TIMES

NUMBER ONE SOUTHWARK BRIDGE, LONDON SEI 9HL Talaphone: 01-873 3000 Talax: 922186 Fax: 01-407 5700

Friday April 14 1989 No fortress in

EC banking

THE EUROPEAN Commission's oecision last year to incorporate a reciprocity clause in the Second Banking Directive did much to encourage fears of "Fortress Europe" in both the United States and Japan. Reciprocity is, after all, a vague concept which can readily be transformed into a big protectionist stick. So much the better, then, that the Commission has decided to narrow the scope of the reciprocity provisions of the directive along the lines recently foreshadowed by Sir Leon Brittan, the new Commis-sioner for competition and

financial institutions. The fear of the Americans in particular has been that the European Community would seek to deny access to banks from countries that failed to offer equivalent access and opportunities in their own home market - an approach known as equivalent treatment or mirror-image reciprocity. Since Europe has a universal banking tradition while the US and Jspan still impose a legal dividing line between banking and securities operations, this would have heen a recipe for friction. The Americans and Japanese could hardly be expected to adapt their own domestic systems to suit the demands of foreign govern-ments; and the US has argued strongly for an approach based on national treatment, whereby foreign firms are granted the same competitive opportunities as domestic

Bargaining lever

Under the new dispensation the Commission will continue to seek to use equivalent access as a bargaining lever. But a banking licence might be refused where Community banks are denied the same treatment and competitive opportunitles as domestic banks in foreign markets. This move towards national treatment is consistent with the thrust of the Uruguay Round of the General Agreement on Tariffs and Trade (Gatt) and of US policy. But it is unlikely to reassure the Japanese, who rightly suspect that they are the real target of the Commission's efforts.

In practice, the impact may not be Draconian initially,

ment authority is very difficult to sus-tain once it starts to slide. After enduring a seemingly endless four weeks of quartelling and specula-tion over new figures in his centre-Right coalition, Mr Kohl strode before \$50 journalists at a midday press con-ference and announced a set of cabi-net changes which had already been extensively leaked in TV news bulle-tins the previous evening. because most of the leading Japanese banks with international aspirations are already authorised in the Community. tins the previous evening. The reshuffle may have lacked sur-prise, but it adds up to a milestone in his 6¹/₄-year Chancellorship. It is also a gamble. If the move fails to boost So-called "grandfathering" pro-visions exist to protect firms already authorised from being obliged to go through a second round of vetting under a differ-out of the second ent set of rules.

a gamble, if the move fails to boost the flagging fortunes of his Christian Democrat (CDU)-led Government, Mr Kohl may find, within the next few months, that adversarial voices within the CDU grow progressively louder – and the search for a new That said, national treat-ment is almost as vague a con-cept as reciprocity itself. How do you measure relative degrees of market access when the structure of European and Japanese financial markets is so different? The meaning of national treatment will, in practice, have to be worked out within the agreement on ser-vices to be negotiated in the Uruguay Round.

Practical politics

At present, both Britain and the US have moved increas-ingly towards a form of managed trade in financial ser-vices. Under the threat of reciprocity the Japanese have made concessions in various profitable corners of their financial markets in exchange for a much larger presence in banking and securities in the US and Europe. Even those who regard that situation as unduly favourable to the Japanese would presumably accept that it constitutes practical politics when Japan is provid-ing substantial financing for the US trade deficit. And as far as Britain is concerned, the as Britain is concerned, the City of London's competitive advantage in international finance would clearly be eroded if hanks from tha world's biggest creditor coun-try were not amply represented in the Square Mile.

An ironic feature of the pres-ent situation is that US and European pressure for liberal-isation in the Japanese finan-

cial system is eroding the bene-

fit to US and European firms of

access to hitherto protected niches of the Japanese mar-kets. In fact the foreign share

of Japanese bank profits has been falling because of the dis-appearance of products that

depended on capital controls and other financial regula-tions. Against that background

a more flexible approach in the

Commission's exercise of reci-procity should be seen as the

lesser of two evils and no less welcome for that.

Chancellor will start in earnest. Yesterday, Mr Kohl was trying, as ever, to put on a hrave face. He claimed the juggling exercise was one of the most important in the Federal Republic's 40-year history. But the

Republic's 40-year history. But the opposition Social Democratic Party (SPD) – mainly because of the Gov-ernment's own mistakes – is riding high in the opinion polls. And, within his own party, the enemies whom Mr Kohl has made during his 16 years as chairman are starting to talk more boldly of a bid to unseat him. In changing three of his four most senior ministers, hringing an extra woman into the cabinet and revamp-ing the joh of government spokesman, Mr Kohl aims to do more than simply gain a breathing space after a string gain a breathing space after a string of regional election setbacks. With the finance, defence and interior portfolios changing hands, the only top min-ister to keep his place is Mr Hans-Die-trich Genscher, the Free Democrat (FDP) Foreign Minister, whose joh is still seen as untouchable.

hancellor Helmut Kohl's cab-inet reshuffle yesterday

exposed both the strengths and the weaknesses of West

Germany's open system of parliamen-tary democracy. Bonn is a political capital where news and rumour flow freely. It is also a place where govern-

ment authority is very difficult to sus-

The Chancellor hopes that tha reshuffle - together with an impor-tant policy statement to the Budestag billed for April 27 – will revive his personal standing and carry the coali-tion through to the next general elec-tion in December 1990. He also wants to deliver an image of greater deci-siveness to the outside world. His coalition has managed to push through a series of important eco-nomic and social measures over the past two years in areas like tax, pen-sions and health care. But wrangling between the CDU and the two other

government partners, the Bavarian conservative Christian Social Union (CSU), and the liberal FDP, has under-mined Government cohesion. Mr Kohl's trump card, as he under-lined yesterday, is the strong perfor-mance of the economy. Companies

througbont the Federal Republic report full order books and strong profits. The Government is now saying that economic growth in 1989 will be above its cautious forecast of 2.5 per cent after tha better than expected

3.4 per cent last year. Reconomic performance, even more than in other European countries, tra-ditionally decides elections in West Germany. Mr Kohl's chances of hang-



David Marsh looks at yesterday's cabinet reshuffle in West Germany

Companions for the march to 1990 Mr Kohl has also upgraded the job over how to respond to 42 jailed ter-

rorists from the Red Army Faction (RAF) who are on hunger strike to try to force the authorities to group them together as political prisoners. On Wednesday sympathisers launched a Molotov cocktail attack attack on the Frankfurt stock exchange and also bomhed an industrial huilding in Münster. Different federal states and different elements of the Bonn coalition favour different ways of dealing with the hunger-strikers and Mr Kohl made it clear yesterday that it was a near-impossible task.

On some prime international issues, Mr Kohl badly needs to present a united coalition in meetings in the next two weeks with President François Mitterrand of France and Mrs Margaret Thatcher, the British Prime Minister. These talks, centering on East-West relations and the development of the European Community, are part of the run-up to the Nato summit meeting in May, where Bonn will come under renewed pressure from London and Washington to take a tough line over arms control with the Warsaw Pact

At least the Chancellor now has a new "strong man" in his line-up -the entry as Finance Minister of Mr Theo Waigel, the chairman of the CSU. Mr Waigel, successor as CSU chief to Mr Franz Josef Strauss, who

the hanless constitutional lawyer brought in as Defence Minister in May last year, has been unceremoni-ously removed. He goes down in the of government spokesman. The pres-ent incumbent, Mr Friedhelm Ost, a record books as the shortest-serving of the Federal Republic's nine Defence Ministers.

Mr Scholz took news of his removal hadly. The Berlin professor has become unpopular because of general opposition to Nato low-flying exercises, defence spending and military service. He seems to have become victim of a growing streak of pacificism running through West German poli-tics, heavily fanned by the SPD and the Greens ecology party.

Mr Kohl was disappointed that Mr Scholz decided to court unpopularity from three different sources at once - the media, parliament and his own

- the mental, partament and mis own generals. "You cannot fight a war on three fronts," said one official yester-day. Another aide close to Mr Kohl however said yesterday that Mr Scholz was shunted aside because he current from a minimum of multiple suffered from a mixture of "political natioeté and arrogance."

that elements in the FDP will start talking about a possible coalition with the Social Democrats in 1991. Advancing Mr Waigel to ministerial rank will hind the CSU more closely to Government decisions. Mr Kohl has struck up a close personal relation-ship with Mr Waigel and values him as a political partner. Mr Strauss, by contrast, played a maverick role-in disupting Government decision-mak-Mr Wolfgang Schänble, who served as Mr Kohl's night-hand man as Chan-cellery Minister, will take over-another taxing job as Interior Minis-ter. In particular, the Interior Minis-try has to cope with the influx of immigrants from the Third World and Preter Environment and Angel Schemer Sche disrupting Government decision-mak-

Hague in Normandy, Mr. Kohl will have initial discussions on this with Mr Mitterrand in Paris next week.

Mr Mitterrand in Parls next week. Such a plan would involve abandon-ing, or at least drastically modifying, the politically controversial venture to build West Germany's own com-mercial reprocessing plant at Wack-ersdorf in eastern Bavaria – a project dear to the hearts of the CSU. The CSU has also spoken out against the Government's 10 per cent withholding tax on savings and

against the Government's 10 per cent withholding tax on savings and investments, brought in to help finance Mr Stoltenberg's cuts in income taxes taking effect next year. The withholding tax, blamed for driv-ing capital abroad and weakening the D-Mark, looks likely to be modified, but not abandoned altogether, under plans to be discussed by Mr Waigal and his new Finance Ministry team. Meanwhile, the SPD has been enjoy-ing signs of disarray. Mr Hans-Jochen Vogel, the SPD chairman, has basked in unusual media attention on sepa-

Vogel, the SPD chairman, has basked in unusual media attention on sepa-rate trips to Washington and Mocow this month to see Presidents George Bush and Mikheil Gorbachev. Neither the CDU nor the SPD can take comfort from signs of fragmenta-tion in West German voting, greatly-increasing the pull of fringe parties. But the pressure is clearly on Mr Kohl rather than the SPD. The next test comes in only 10

The next test comes in only 10 weeks' time, in the European Parlia-mant alections. The far-Right is mant alections. The far-kight is mounting a country-wide campaign and hopes to improve further on its results in the Berlin and Frankfurt elections earlier this year. If yester-day's moves fail to stop the rot and tha Christian Democrats again do badly, the Chancellor will take the blame.

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Mr Kohl has great self-confidence and appears to relish a struggle. But he has none of the personal appeal and anthority which marked previous Chancellors, such as Konrad Aden-aner, Willy Brandt and Helmut Schmidt.

Schmidt. The main weakness of yesterday's reshuffle is that it left Mr Kohl's two reshuffle is that it left Mr Kohl's two main rivals - Mr Lothar Späth, tha Prime Minister of Baden Wuertiem-berg, and Mr Heiner Geissler, the party's general secretary - outside the cabinat. Arch Kohl opponents such as Mr Kurt Biedenkopf, the for-mer CDU general secretary, are also waiting in the wings. Mr Geissler, a previous close confi-dant of Mr Kohl who now wants to take the narty further inwards tha

take the party further towards tha Left than the Chancellor would like, fiatly turned down Mr Kohl's invitation to join the cabinet as intria-tion to join the cabinet as intria-Minister. Mr Geissler has built up a strong party apparatos. He could be relied upon to help Mr Späth – the only top CDU politician to have emerged unscathed by election losses in the party apparator of the Bades emerged inscanded by electron losses in the past two years - if the Baden Würthemberg leader decided to make a bid for power within the Christian Democrais later this year. Although the Chancellor claims he

does not follow opinion polls, his image has not been improved by a survey at the end of last month indicsirvey at the each of hist month mains-ating that 64 per cent of the electorate wanted him to stand down. Nearly half of those polled said they favoured his displacement by Mr Späth, who has built his popularity on canny eco-nomic management in his prosperous. state - as well as his avoidance so far

The UK's role in electronics

THE UK has done well in attracting inward investment from the world's leading electronics companies; the semiconductor plant planned hy Fujitsu of Japan for the north east of England is the latest example. The UK's record is much less good in fostering new, home-grown electronics companies capable of competing in world markets.

In Scotland, for example, it had been thought that the concentration of electronics plants, many of them foreign owned, would create a cluster of expertise of the sort which bas proved so productive in encouraging new entrepreneurs in California's Silicon Valley. But hopes that Silicon Glen would develop a similar "critical mass" in electronics have been dealt a setback by the deepening troubles of Rodime, once a showpiece of

local entrepreneurship. Set up in 1980, Rodime made its name by designing innova-tive Winchester disk drives for the nascent personal computer industry. In its early pioneering phase, Rodime may have benefited from its location in Glenrothes, close to a plentiful supply of high-quality engi-neers. Its engineering excel-lence allowed it to become the main supplier of drives to Apple, the US computer manu-facturer. However, as the industry matured and competition grew, Silicon Glen became more of a handicap than a blessing. None of the major customers for disk drives is based in the UK, and few are located elsewhere in Europe. The successful suppliers of disk drives had intimate relationships with the personal computer makers. They were therefore able to spot trends and develop new products to dovetail with the computer makers' plans.

Disadvantages

Rodime suffered from other disadvantages. While most other disk drive makers were shifting manufacturing to factories in Singapore, Rodime was stuck with Scotland's higher labour costs. In 1983 the company began to move manufacturing, marketing and later management to Florida, close to IBM's personal computer headquarters. The company also started building a Singapore plant in 1986. The damage, however, had already been done. Rodime lost Apple as a customer and had to scrap its older products at the cost of millions of pounds. Disk drive manufacturing is,

to other lessons.

Misconceived

national electronics companies,

designed elsewhere. They therefore offer little opportu-nity for the aspiring local

entrepreneur to get involved at

Route 128.

be.

Too much of of course, an unusually cutthroat business, and there has been a heavy casualty rate a good thing even among US suppliers. For that reason, it would be wrong to read into Rodime's problems

All is not well in the bosom of Swiss banking. The past weeks have seen a succession too many gloomy conclusions about Britain's chances of creating successful start-np companies in high-technology. However, the story does point of demonstrations and running street battles in Zurich between disaffected young Zuerchers and baton-wielding police.

Bewildered bankers strolling in Platzspitz, the pretty park One is that visions of Silicon Glen as a particularly fertile at the junction of the Limmat hreeding-ground for such com-panies are probably miscon-ceived. The region has heen unusually successful in attract-ing investments by many interand Sihl rivers which has become one of Europe's junky ghettos, have been caught in the crossfire of rubber bullets

and bottles. Such un-Swiss hapennings partly because of generous sub-sidies and partly because of a good supply of skilled labour. However, most of these investments ars in hranch plants, which make products hardly fit the conventional picture of Zurich as one of Europe's most prosperous and peaceful citles. So what is

going on? Like so much else in Switzerland, the answer is not obvi-ous. The triple hlight of unemployment, poverty and racial tension which disfigures so many other European cities is absent in Zurich.

an early stage of new product development. Equally impor-tant, Silicon Glen lacks the intense concentration of uni-Unemployment is virtually non-existent. Last year's job-less rate in canton Zurich was versity and government research establishments which played a vital role in the early 0.4 per cent · below even the negligible national average. Zurich is the European city development of American high-technology centres such as Silicon Valley and Boston's with the highest personal purchasing powar. There appear to be two

Foreign-owned companies explanations for the troubles. which have large electronics plants in the UK, such as IBM The first is the soaring price of housing. As Switzerland'a biggest city, Zurich has long acted as a magnet for the rest and increasingly the Japanese, are building up a network of suppliers some of whom may of the country. Its importance be abla to use these relation-ships as the basis for creating as a commercial centre has also meant that more and more world-scale husinesses. But the town property has been condesign innovators like Rodime verted to business premises.

aspire to more than a subcon-This, together with the fact that housing construction in Zurich was last year at a 53tractor's role. The main lesson of the Rodime story is not that young high-technology compa-nies cannot succeed in the UK, year low, has sent prices spiralling. Land prices have trebut that, if they are to do so, they need to aim for the world bled over the past decade, rising more than fivefold in some market from day one; their prosperity depends on staying in close touch with their cusdistricts to well above tha 1987 average of more than £110 per sq ft. tomers - wherever they may Rents are exhorbitant even

for the highly-paid Swiss, if

ing on to power in December 1990 depend on a steady continuation of the world economic upswing. However, the Chancellor sees pres-ent challenges coming from a differ-ent direction. Partly because West ent direction. Party because west Germany is a prosperous and materi-ally-sated society, the Government is under fire over social and strategic questions which have little to do with the economy – and where the search for solutions is increasingly complex. It is, for instance, racking its brains

died last October, is very much an unknown quantity to financial mar-kets. He will give the cabinet a more conservative look at the time when the Government is making an effort to capture votes lost over the past 12 months to extremist right-wing parties such as the Republicans. Mr Gerhard Stoltenberg, Finance Minister for 6½ years, will take over a particularly thankless post at the Defence Ministry. Mr Rupert Scholz,

flats can be found at all.

Caught in the affluence trap

minority is apparently too much to bear. So they resort

Down Under up

■ Bollinger champagne, one of the last bastilles of French protectionism, has acknowl-edged that it is, after all, just

an amber nectar. The Champagne house yes-

fillip to wine expertise Down Under by awarding its first and coveted Madame Bollinger

Medal for excellence in wine tasting to an Australian.

of Wine and author of such

classics as "The Great Austra-

lian Wine Book', carried off

the prize. Christian Bizot, pres-

ident of Bollinger, told the Syd-ney-born winner. "Considering all the wine knowledge and

expertise being accumulated

soon turn around and you in Anstralia will be able to look

down on our part of the world, which will then become Down

David Rothkof and his team

will travel from their New York headquarters to Peking

next week to make a small

piece of publishing history. Rothkof will be producing,

Peking daily

Under."

in Australia, the world will

Michael Hill Smith, a Master

to "action', poor things.

Eastern Europe whose presence has boosted the electoral showing of the xenophobic ultra-Right. Mr Schäuble, one of the most intelligent and able of Mr Kohl's circle of advisers, replaces Mr Friedrich Zimmermann, from the CSU ~ said to have shown insuffi-cient interest in his joh recently. During the period early this mouth of maximum reshufile fever, Mr Zimmer-mann distinguished himself by being absent hunting big game in Namibia.

ing by deciding to remain in Munich as Bavarian Prime Minister rather than joining the cabinet as Defence or Finance Minister in 1987.

loyal but uncharismatic propagator of Mr Kohl's policies, will make way for Mr Hans Klein, a former journalist

who until now has been Bonn's Devel-opment Minister. Mr Klein will retain ministerial rank and sit in the cabi-

This appointment is Itself a minor landmark. Because of memories of Joseph Goebbels' Propaganda Minis-try during the Third Reich, auccessive Boun governments in the past have avoided creating a post of Information Minister. Mr Klein is also from Mr Waigel's CSU. This will add conserva-tive nuch to resentation of the Con-

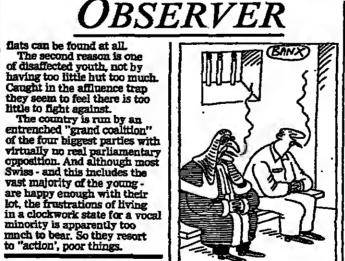
tive punch to presentation of the Gov-ernment line. But it will not be to the liking of the Free Democrats. One of Mr Kohl's dilemmas is that

if he strengthens his Government on the Right, he increases the chance that elements in the FDP will start

net.

But Mr Waigel will also complicate matters. He will have greater power to lobby for specific Bayarian policies. To take one important example, Mr Kohl announced yesterday that, with the French Government, Bonn will study plans to step up co-operation in reprocessing spent nuclear fuel at the French nuclear treatment plant at La.

of ministerial responsibility in Bonn. For the moment, the Chancellor is battling on. He brushes aside with contempt any question of a threat from Mr Späth or anyone else. How-ever, beneath the tan hrought by the Chancellor's Easter holiday in Aus-



" I got done for contempt of court".

with the cooperation of the Chinese authorities, a dally newspaper for delegates to the

Asian Development Bank's annual meeting. Ten thousand copies of the daily will roll off the presses on each of the four days of the ADB meeting and then be whisked by special vans to hotels, embassies and offices around the capital so that dele-

gates and other interested par-ties can read all about it over breakfast. Rothkof's travelling newspaper show in Peking follows

similar and apparently success ful efforts at the Inter American Development Bank meet-ing in Amsterdam two weeks ago and the IMF/World Bank meeting in Berlin last september.

The newspapers, which con-tain a mixture of news about each meeting and relevant world events, will be edited on desk-top Apple computers and printed on the presses of the People's Daily, the Chinese Communist party newspaper.

This is easily the most complicated project we've been involved in", Rothkof said yesterday, "We've had long discus-

sion with the Chinese govern-ment, the Peking municipal authorities, Xinhua, the official news agency, and the Eco-nomic Daily". Rothkof, whose two-year-

old company International Media Partners also has a conference division, has been recruiting journalists and regional specialists to supplement his own core team of editors and writers for meeting which starts on May 3. The 20-strong team will be flown to Peking where, working to "miserably real deadlines". they will have until midnight every night to get the edition

away. Rothkof, formerly of the Institutional Investor, reckons each conference special costs around £250,000 to produce. Revenue comes from advertis-ing - the paper is free - and he says every one has made a profit so far.

Foul car

Paul Smith of Erskine Office Systems has come np with the dastardly idea of The Punishment Car for employees who treat their company vehicles badly.

The torture works like this: every month one offender in his Hertfordshire-based Advance Systems Group is forced to swap his/her company car for a white Lada estate which costs the princely sum of 53,500 and stalls in the fast lane of the M3 motorway at 70 mph. No offence intended to Lada, he insists.

The first unlucky winner, a senior salesman, handed in his nifty Renault 21 TS last Friday and drove off cheered and clapped by the entire company. Smith reckons it will take him 18 months to reform the 200 company car drivers in his group and hring his repair and insurance bills

under control. Meanwhile Smith might con-sider swapping his BMW 520 for an armoured car.

Alain Cass

in a state of the state of the



OMEGA CONSTELLATION. THE WATCH SOLD AT LEADING JEWELLERS AROUND THE WORLD.

t the end of the first quarter of 1989 the British Government is not quite so cock-sure as it was at the end of 1966.

1988. For most of last year most of the Cabinet was insufferably self-confi-dent. Paritament would do anything they asked. The Conservatives would certainly win the next election, and probably the one after that. A new era had arrived. Now, Whitehall's minis-ters are trying to recapture those heady days by telling themselves that this current upsinge in inflation will recede. It may go a little higher than first thought, they say into their shaw-ing mirrors, and it may take a little longer to get down than the Chancel-lor, Mr Nigel Lawson, was predicting in his Budget a few weeks ago, but worry not. We've done it before. We'll do it again. The retail prices index is safe in our hands. My guess is that they will continue

and it again. The retail prices index is safe in our hands. My guess is that they will continue to comfort themselves with this refrain, whatever the latest RPI figure turns out to be this morning. The balance of payments deficit? Well, yes that is a little troublesome but it is a temporary embarrassment. Growth will slow, the consumer boom will abate, and the deficit will fall. The prospect of a hard landing, a sharp recession? No, the slowdown will never go that far. The unspent fiscal surplus? It may be getting even bigger in the first half of this year, but profitability is sure to fall in the second half. Corporation tax will come in at a slower rate, and the surplus will become smaller. I have beard only one indirectly contrary beard only one indirectly contrary opinion, which is to the effect that the Government's policy of buying back gilts must be inflationary because it leaves the sellers with cash in their hands

This whistling in the dark is keeping ministers' spirits up. They are well aware that a serious and prolonged economic downturn could achieve the seemingly impossible and lose them the next election - but either they truly believe that the out-look will improve well before voting day, or they are very good actors. Of course it depends upon where the speaker sits. The Laurence Oliviers and Dustin Roffmans, are all in the Tracewar Treasury. Mr Lawson himself deserves and

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Oscar. He never deviates from his script, and he always delivers it with full force. Yet he is no longer abso-lutely secure in his role. A big change has come over his image during the past quarter. Around Christmas the sort of thing yon would hear was that he had to stay put as Chancellor in order to ride out the elephantine blip in inflation caused by his 1988 Budget. Confidence would be shattered if the Prime Minister moved him. Now, it. seems, the belief among some minis-ters is that confidence would not be all that shattered if he were to be eased out of No 11 Downing Street. (This view is also gaining force in the

City.) As to Tory MPs, a not univplcal quote of the week is: "Of course the figures will look worse in July, when she is deciding on this year's reshutfle. Her eye might then fall upon Nigel." I have no idea whether the



Prime Minister is thinking this way. All I can tell you is that, justified or not, there is a burgeoning sense that there may be something really amiss. This is doing no good whatsoever to Mr Lawson's reputation. There is as yet no serious knock-on effect on backbench confidence in the Government as a whole. The series of show mistness successfulare draged by

Government as a whole. The series of show business spectaculars staged by the Frime Minister is particularly effective among her own followers, who are not by nature prone to ques-tioning whether much has actually been *done* about the inner citles, the greenhouse effect, keeping Britain tidy, southern Africa, Anglo-Soviet relations or any of the other turns in her continual cabaret. These are peop relations of any of the other turns in her continual cabaret. These are peo-ple who affect to believe that water privatisation is a good idea (winking while they say ii), so perhaps they will persuade themselves to believe anything.

Well then, how about the doctors, the dockers, the lawyers. You are tak-ing them all on, all at once. Is this politically wise?

Frankly, no, says almost everyone. The doctors have been particularly clumsily handled. It was a huge error clumisily handled. It was a huge error to allow their pay negotiations to get mixed up with the restructuring pro-posals in the white paper. An attempt is, however, being made to do some-thing about that. There are contacts behind the scenes. The pay negotia-tions are not permanently stalled, although it may be a while before a fresh formula is found. But never fear. The British Medical Association is not unbuyable. A negotiated settle-ment of the doctors' contract will sconer or later be achieved; alternasooner or later be achieved; alterna-tively the contract will have to be imposed in much its present form.

If the optimists who expect a nego-If the optimists who expect a nego-tiation followed by a deal are proved right, it will then be possible for Mr Kenneth Clarke, the Secretary of State for Health, to begin the long slow process of making sufficient compromises on the restructuring to dig himself out of the political hole too which he mud his collecture dur into which he and his colleagues dug themselves in the first place. They have the Prime Minister's

public blessing for this. The detailed consultation papers, Mrs Margaret Thatcher told the House of Commons in answer to a question on Tuesday were, of course, for consultation. They are not meant to be a specific bineprint and we will, of course, con-

d' m the

sider representations." Coming from her, that could reasonably be taken by the doctors to mean that the Department of Health will do any reasonable deal it can to save the sem-blance of its white paper proposals for self-government for National Health Service hospitals and voluntary prac-tice budgets for GPs. The dockers are regarded as more

of a bonus than a threat. Mr Ron Todi of the Transport and General Workers Union has given the game away. If a strike is called over the Government's proposed legislation to abolish the Dock Labour Scheme the TGWU could fall foul of the law. It may yet do that and incur heavy fines and then lose the strike; alternatively it may try to negotiate a fresh con-tract with the employers and perhaps strike over that. It would still lose. The Conservatives are ready for a

fight, but have little doubt that they can win.

The lawyers are another story. The Government is clearly a bit shaken hy the drubbing it received from senior members of the judiciary in the House of Lords last week, but it is consoling itself with the view that among the non-judges who spoke, the division of opinion was marginally in favour of Lord Msckay's proposals for the reform of the profession. The judges themselves have made the worst of their case by threatening to go on unofficial strike next Monday, just as if they were 1970s miners or dockers. Happily they backed down yesterday, so there is now room for compromise, since the reforms have been proposed in a "green" paper, which is supposed to mean "for discussion."

The remaining item in a proper inflation than any end-of-quarter report has to be Mr Minister included.

Peter Walker. The Secretary of State for Wales is a canny fellow. He makes no secret of his view that the state has a role to play in regional and industrial policy. His formula, applied with checky panache in Wales, is free enterprise strongly backed by Govern-ment. The same formula has had some small success in Japan, France and Germany. It is, however, directly contrary to the *laisser-fairs* spirit of free-market Thatcherism - although, as to the letter, Mr Walker can defend every line of the celebrated lecture he gave on Monday. It is all current Gov-ernment policy he will protest, his expression innocent. The week's gosslp has all been about whether Mrs Thatcher can tol-erate such insubordination any lon-ger. There is no reason why she

erate such insubormination any ion-ger. There is no reason why she shouldn't. Mr Walker's long Cabinet experience has enabled him to build up a store of wisdom that can be useful, especially in moments of cri-sis. He is a powerful defender of Government policy, especially when he chooses to be. If the Prime Minister

chooses to be. If the Prime Minister does decide to dispose of his services he can afford to sit on the back-benches for a year or two while non-Walker conservatism proves either successful or a total failure. What it all adds up to is a series of little local difficulties, not the begin-ning of the end. That, at least, is the current self-comforting view. It is given enormous strength by the total inability of any serious Conservative to believe that Mr Neil Kinnock is capable of leading the Labour Party to victory in almost any circumstances. They can hardly believe their own forecasts of a Labour victory in the forthcoming by-election in the Vale of Glamorgan. omy, less obvious auctions of casual, temporary, freelance and short-term contract labour At central London job cen-tres, unemployed people often queue overnight for the chance Glamorgan. of picking up a day's wash-ing-up in a hotel kitchen.

Glamorgan. In short, the era of complacency continues. One of its consequences is that it is seemingly impossible to get the Prime Minister, or her Chancellor, the Frime Rainister, or her Chancellor, to listen to arguments about those of the very poor who have become casu-alties of the refocusing of state aid on the extremely poor. This myopia was once again in evidence on Tuesday when the Labour MP for Glasgow Cathering Mr. Scholther achieved the Cathcart, Mr John Marton, asked the Prime Minister to justify the case of his 79-year-old, blind constituent, Mr William Bradley, whose income from the state on 1 April 1988 was £55.55 per week. Did she think it fair "that on 1 April 1989 it was £52.55 and that on 1 April 1990 and 1 April 1991 it will be £52.55?"

They face continual uncer-tainty over where and bow Mrs Thatcher responded by recall-ing the transitional protection in the period of introduction of the new they will be employed, and how much they will be paid. Those who provide the econsocial security system, which had the effect that when the whole system was simplified and improved, and a omy with most labour flexibility, by constantly moving in and out of short periods of lot more money was spent on it, peo-ple were protected from baving a reduction in their cash." She conemployment, have not been rewarded with much security. There is a pressing need for some form of contract cleaner cluded:

"The Hon, Gentleman takes a par ticular case in which there will be no real increase. May I, therefore, take credit for the fact that 98 per cent of all pensioners will receive a cash increase with the coming uprating?" Mr Maxton's constituent is no doubt: women who return to employ-ment after bringing up chil-dren, or older workers. If more anxious about the nesurge in inflation than anyone else, the Prime

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LOMBARD A charter for casual labour

By Charles Leadbeater

BRITAIN's national dock labour scheme is attacked as an anachronism, but the issues raised by its abolition have a employers are to tap these alternative sources of labour in central relevance to the mod-ern labour market.

But elsewhere in the econ-

Each night in the City of

London the buses fill with mid-die-aged black women, the con-

tract cleaning labour force

returning bome after a couple of hours work. Building devel-

opments swarm with self-em-

ployed building workers on contracts lasting a few weeks. The casual labour forcc,

mainly women, often black, abounds smong security

guards, fast food servers and petrol pump attendants. These are the modern equiv-

alents of the 1930s dockers.

or hotel "washer-up" labour

ber of young people entering the job market, employers will

increasingly have to recruit

With the decline in the num-

have become commonplace.

alternative sources of labour in a competitive recruitment mar-ket, they will have to offer both flexible working patterns and security of employment. Already some large service sector employers are guaran-teeing jobs to women who take career breaks to have children. Temporary staff recruitment ern labour market. The prohlem it was designed to overcome – the insecurity and inefficiency of casual employment – is far more widespread than when the scheme was introduced in 1947. Temporary staff recruitment agencies have for some time been competing to attract skilled temporary secretaries by offering them all the trap-pings of a full-time employee with entitlements to a pension, The relevance of the scheme to the docks may have diminished. Port employers have pledged that there will be no return to the labour auctions which used to take place every morning at dockside offices as dockers queued to pick up a day's work. They are unlikely sick pay and annual paid holi-days. Some electronics companies have set up registers to day's work. They are unlikely to want to hire dockers on a daily basis to drive cranes ensure they establish a rela-tionship with a pool of short-term contract staff. worth more than fim epiece.

The national dock labour scheme's register of dockers helps to maintain minimum levels of skills and training. Such a scheme could be of some use in the construction industry. Many large employ-ers arc concerned that the increase in self employment and short-term contracts has led to a serious dccllnc in training standards. Small contractors have neither the time nor the resources for training available to large companies. Soloc big construction employers have suggested that registers of qualified building workers should be introduced to cnsure high standards of competence. Without such a scheme, the long-term competitiveocss of the industry may suffer. The same problem is about to confront the tcleviabout to confront the televi-sion industry. TV employers are concerned that training standards, which have been maintained by the BBC and the large ITV companies, may fall by the wayside as small sub-contractors, which employ staff on polling short-term con-

staff on rolling sbort-term contracts, grow, The Government end the Transport and General Work-ers Union claim to be concerned to avoid a return to casual employment for 9,400 dockers. Both should be much more concerned about the blatant insecurity of the millions of workers in the new periph-eral labour force – the con-tract cleaners, the hotel kitchen staff, the security guards and self-employed builders.

LETTERS Company singsong

stes in the interest of its work "not easy to pinpoint what has force is difficult to square with created such strong employee From Mr John Crump.

From a view to a check rom Mr G.J. Forster identification and motivation." Sir, I note from your article (April 11) on the UK clearing There is no mystery. The pro-verbial loyalty of the minority banks' refusal to raise the 150 workforce ou the permanent payrolls of the giant companies limit on cheque guarantes cards, that they do not believe there is any great dissatisfac-tion with the 550 limit. No donbt this is because ads on the deprived condition of the majority elsewhere. Any worker who thinks twice about singing the company song knows that there are many more waiting to step into they have not asked their customers the question, and would prefer not to - so as to ensure that consumers use The low levels of state welcredit cards, which produce a much greater profit for the banks. I hope the Office of Fair fare benefits mean that the 70 per cent of employees not covered by the type of company welfare schemes that Toyota or Trading is paying close attention to this. G.J. Forster, Nissan can provida for the privileged sections of their workforces would give their Vine Cottage, Longdown Roud, eye teeth to change places. Who wouldn't sing the com-pany song in such chroum-Furnham, Surrey



View ("Shareholders? Who needs them!" Weekend FT, April 8) points to one of the key differences between Brit-ish-style and Japanese-styla capitalism

Private shareholders figure only marginally in the calcula-tions-of big Japanese compa-nies. Whenever the defenders of what Clive Wolman calls. "British managerial capitalism" use Japan to bolster their arguments, they scrupulously avoid mentioning those Japa-nese practices which do not fit their ideological model - the low status accorded to shareholders, the low interest rates, and so forth.

However, having made a valid point, Clive Wolman then goes off the rails by ignoring those features of Japanese style capitalism which do not fit his ideological model. The idea that Toyotz oper-

Satoshi Kamata's account, in Japan in the Passing Lane, of how Toyota treats its employees. Quite apart from that, the giant companies such as Toyota and Nissan are not typical of Japanese industry any-

way. Clive Wolman's Japanes practices," such as life-time employment, the seniority his shoes. wages system and single company unions, simply do not exist for most Japanese. He is describing conditions experienced by, at most, 30 per cent of Japan's workforce. In per-centage terms the conditions of the other 70 per cent - with no guarantee of life-time employment, not in trade unions, derisory welfare bene-fits and so on - are far more representative of "Japanese stances?

practices." Locked into his ideological John Crump, University of York, Hestington, York. model, Mr. Wolman finds, it.

Purpose of pension fund investments

From Mr Graham Hoar. The FT refers (April 13) to the possibility that if Toyota chooses Derby for its new: £20m - in the company's shares.

While this may well prove to ba an investment surpassing even Old Master paintings in its growth, and while no doubt the county of Deröysbire will benefit by Toyota's presence, I am concerned about the propri-ety of pension fund trustees reaching such a decision on the grounds of benefit to - in this instance - a region, as

opposed to benefit to their fiduciary duties as trustees to do the best they could for the beneficiaries - that is, the members - in refusing to approve the investment plan proposed unless the NUM members. Tristees owe their primary duty to the members. The situation seems very. similar to that which gave rise. to the case of Cowan v Scargill investment restrictions were adopted. (1984). In that case the National

In his judgment Sir Robert Megarry said: "Powers must be exercised fairly and honestly Union of Mineworkers (NUM) tried to restrict investments by the National Coal Board's penfor the purposes for which they are given, and not eo as to accomplish any ulterior pur-pose, whether for the benefit of sion fund, because it was the union's policy that the scheme's fund be invested in Britaine's rather than abroad, and not be invested in energy industries competing with coal. the trustees or otherwise." It was held that the NUM

Graham Hoar, First Floor, Bouverie House, trustees were in breach of their 154 Fleet Street, EC4

Shadow

directors

From Mr Barry Donnelly and

Mr Martin Piers Sir, Our articls "The assumed rols of a shadow director" (March 2) promoted a number of letters, including one from Paul Oughton, who acts on behalf of the liquidator of MC Bacon Limited, who is bringing the action (to which we referred) against the bank as a shadow director. Mr Oughton informs us that

in fact the bank has neither appealed the decision nor indi-As the bank's application to do so. As the bank's application to striks out was unsoccessful after a full 3% day hearing, the conclusion, as matters stand must be that there is a definite possibility of a bank being held to be a shadow director, contrary to the commonly held view prior to this case. Barry Donnelly, Martin Piers,

Gouldens, 22 Tudor street, EC4

The hunting of the Index . . . From Mr B.F. Davies.

Sir, Mr C.T. Ross (Letters, April 1) paints rather a gloomy, somewhat inaccurate picture of stock market indices. and the quoted performance of unit and investment trusts.

According to standard refer-ence, the "original" FT Industrial Ordinary (30 share) Index is "an unweighted geometric mean" of the price-relatives of the individual constituents thet is, the 30 such values are multiplied together, and the 30th root taken of the product. However, the FT-Actuaries Shares Indices (the All-Share, in particular) is derived from weighted arithmetic mean.

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of the price-relatives and, in the usual circumstances of the price-relatives having differing values, computation of an index based on arithmetic means will always "beat" the means will always "beat" the geometric-derived index. The arithmetic mean is cer-tainly more closely related to an investment portfolio where the final appreciated share

· . .

trusts and equities of my port-folio, I find that graphs and other statistics use the all-share index by way of comparison with the performance of the business. The adoption of a mathematical trick does not generally seem to be in evi-dence, although some concerns

may come close to the wind of truth. prices are of paramount impor-tance to investors, but selec-tion of a few constituents from If the public is being taken in by the questionable presen-tation of statistics, it may be in the use of linear graphs for the dependent variable with the the total comprising the index will determine whether we

over- or under- "tracks" the All-Share performance. origin placed far above zero. This apparent distortion and Looking through several amplification of variations over annual reports of investment a particular period is most mis-

leading; much better is a loga rithmic scale on which a per centage scale can be added, i

required. This is often the case with graphs showing the perfor-mance of the FT All-Share index over the past 20 years of so, from which a true represen tation of the 1974-1975 crash can be compared with the less severe crash of 1987.

B.F. Davies, 131 Tey Down Meads, Winchester, Hampshire.

An article on investment per formance statistics will be published in Weekend FT on Saturday April 15.

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FINANCIAL TIMES Friday April 14 1989



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Probe launched into alleged chemicals cartel

By David Buchan in Brussels and Peter Marsh in London

POSSIBLE market rigging by European producers of soda ash, a chemical widely used in the glassmaking and detergents industries, is being investigated hy the European Com-mission.

Its inquiries follow dawn raids by its inspectors on com-pany offices earlier this week.

The activities of six large chemicals companies - Solvay of Belgium; the UK's Imperial Chemical Industries; Rhone Poulenc of France; Akzo of the Netherlands; and Henkel and Kalk, both of West Germany

- are under scrutiny. Kalk is 75 per cent owned hy BASF, Europe's biggest chemi-

cals group The inquiry follows a recent heavy fine by the commission on a group of 23 European chemicals husinesses for oper-ating a cartel in plastics. The inquiry also follows a suggestion by US soda ash pro-ducers that the European mar-ter should be onened to compe-

ket should be opened to compe-tition from the US. Soda ash, of which an esti-

mated Sm tonnes a year is used in Western Europe, sells at an average \$200 a tonne in Europe, or roughly twice the

US price. US producers have com-plained to commission officials that they are prevented from

Cool response to merger control plan WEST Germany and the UK last night said the European Commission's latest attempt to resolve the deadlock over its merger control regulation was a step in the right direction - hnt still well short of their requirements. They insisted the Commission should Increase dramatically the Ecu2bn it is proposing as the combined turnover at which

exporting to Europe by a heavy

cross-border mergers would be

forced to seek advance clear-ance from Brussels. Page 2

dumping duty. This was imposed in 1983 and has lifted the price of US-imported soda ash to roughly the European level.

The Connecticut-besed American Natural Soda Ash Corporation, owned jointly by US producers and representing stone. their interests in export markets, has made representations to the commission.

Mr John Andrews, its presi dent, said yesterday: "We have not made any allegations of a cartel among European produc-ers. We have said that the structure of the market is less Solvay, the world's biggest producer with an estimated output of 4m tonnes a year,

competitive than it should be." He said he thought the soda

ash market in Europe was an "oligarchy" in which European producers sold on a regional asis without real competition. Mr Andrews said his association's owners, which include FMC. Kerr-McGee, General Chemical and Tenneco, would be able to sell up to 250,000 tonnes of soda ash a year in Europe, if dumping duties were removed.

Two other members of the US association are Stauffer and Texas Gulf, which are owned in both cases by French compa-nies - Rhône-Poulenc and Elf Aquitaine.

US producers can sell soda ash relatively cheaply because their production costs are low. Natural deposits of the material exist in Wyoming and Cal-ifornia, whereas European companies have to operate a complex manufacturing pro-cess involving the addition of ammonia and brine to lime-

US production of soda ash stands at about 8m tonnes a year, of which roughly a quar-ter is exported.

said yesterday it had no com-ment to make because the com-

mission had made no formal allegations. However, a Solvay spokes-

man said that in common with the other five companies, it had co-operated fully with Commission inspectors who, after spending two days at its Brussels headquarters, had left with a pile of photocopied doc-uments "balf a metre high". ICI said: "We are co-operat-ing fully with the European authorities." It would make a full reply at a later stage. The commission property

The commission recently fined 23 European chemical companies, including ICI and Solvay, e record total of Ecus Solvay, e record total of Ecus 60m for attempting to carve up the market for polyvinyl chlo-ride and low density polyethyl-ene, two widely used plastics. It has also recently won the support of the European Court in its attempts to compare court

support of the European Court in its attempts to compel com-panies to co-operate with inqui-ries into possible anti-competi-tive cartels, which are illegal under the Treaty of Rome. The Committee for the Euro-pean Glass Industry in Brus-sels said that it had joined the US soda ash producers in ask-ing the Commission to lift dumping duty on US soda dumping duty on US soda products - or at least to ensure that the duty is not renewed beyond its expiry date next November.

According to some reports, the market appears to have been so arranged as to give Solvay market predominance in Belgium, Spain, Portugal and a part of Germany. Under this arrangement.

а спорт тахнажыны калара, *фа*дардары

onder this arrangement, according to the reports, ICI has the UK and Ireland, Rhône Poulenc the French market, Akzo the Dutch market and a part of Belgium, with Kalk and Henkel dividing the rest of the German market between them. This would roughly corre-spond to where the companies have soda production facilities. Solvay's operations in Spain and Germany were also visited

by EC inspectors this week. The Committee for the European Glass Industry in Brus-sels said yesterday it had filed no cartel complaint with the

no cartel complaint with the European Commission. It had, however, joined with the US soda ash producers in asking the Commission to lift the dumping duty on US soda products, or at least to ensure the duty was not renewed beyond its dne expiry in November 1989. Imposed in 1983, the EC duty is Ecus 67 per tonne of US soda ash. The glass industry group said yes-

glass industry group said yes-terday it had complained that this had made prohibitively event expensive European. purchase of the US raw material.

Frankfurt may he short on

THE LEX COLUMN

Withholding judgment

on Mr Waigel

D-Mark Index pertinent facts about the new West German Finance Minis-ter, but that is not stopping 1985-100 116 financiers confidently predict ing that the new chap will run the economy in much the same way as the old. Mr Waigel

inherits not only an economy in good shape, but a tax-cut-ting hudget for next year already hammered out. All that remains is for him to find 114 112 111

that remains is for him to him a way of paying for it. Still, yesterday's rise in the D-Mark and in bonds, and the enormous stock market turn-over, shows the markets were pretty excited abont some-thing. The vision of Kohl rein-forcing his coalition was part of it, but the real reason was Арг 1988 89 Apr Source: Bank of England now looking for another job. The reduction in the size of the main TSB board and the aboli-tion of the regional boards was inevitable if the TSB ever seri-ously intended to sort out the regional management conflicts which have meanined it living of it, but the real reason was Kohl's suggestion that withholding tax might go. As the wretched tax contributed to a capital outflow last year of some DM60hn and aided the weakness of the D Mark, its abolition might seem a major which have prevented it living

Beecham

up to its glossy image. However, the TSB still has to However, even if the Government did take this step – and yesterday's confusing state-ment was another example of its disregard for orderly mar-ket conditions – much damage has already been done. German work out its long-term husi-ness strategy, and the longer the choice of the next chief executive is delayed, the more difficult it will be for the TSB to convince the City that it is investors have now developed a taste for high international changing its spots. Its perfor-mance since the 1986 flotation has been a disgrace - its shares have underperformed by a third - and after last interest rates from their new home in Luxembourg, while international investors were badly enough scared by the introduction of the tax not to be lured back so easily. Neither month's profit warnings, there is little chance of it matching the earnings growth of the sec-tor for another year at least. would scrapping withholding tax alter the rising trend of German interest rates; the Despite yesterday's boardroom clear-out, the TSB has yet to give a convincing reason why major effect would be to stop the excitement in the Euro-DM it should sell at a premium to a well managed group like the Bank of Scotland.

Just as likely as a complete suspension of the tax is a com-promise that would exclude private investors or would lower the rate slightly - both of which would simply complicate matters. Indeed, as the EC cate matters. Indeed, as the EC is threatening to make every-one charge an equal withhold-ing tax, it seems silly for Ger-many to change the tax now only to change it further later. Of course, if Mr Waigel is as opposed to withholding tax as all that, perhaps he will join the UK and Luxembourg and urge Brussels to drop the whole thing.

buyers as a valuable entry into the European personal prod-ucts business; though Bee-cham, with plans to gear itself to the cychalls for the purposes of memory is not a paraget of merger, is not a relaxed

of merger, is not a relaxed selier either. The merger itself still seems on course, if yesterday's fur-ther slip in the SmithKline price is a guide. It continues to look douhtful whether an aggressor could contemplate a full bid, especially given the goodwill involved. If there is trouble, It is more likely to come in the form of attempted greenmail from disgruntled arbs.

Blue Circle

The sheer strength of profit growth from the big UK huilding materials producers is e highlight of the current crop of corporate results, and Blue Circle is no exception. UK cement volume rose 17 per cent last year, and Blue Circle, the maryear, and Bine Circle, the mar-ket leader, even managed to increase its market share. With two price increases under its belt since last August, and fur-ther demand growth expected in the current year, the one third rise in Blue Circle's annual dividend underlines its

annual dividend underlines its confident mood. Now that the benefits of the group's operational gearing have been largely exhausted, and cost pressures are begin-ning to build up, the group will be lucky to maintain its operat-ing magning in the current he nicky to maintain its operat-ing margins in the current year. However, a more pressing worry is the group's diversifi-cation strategy. It is looking increasingly likely that it bought Birmid Quakast at the top of that company's earnings cycle, and the weaknesses of the group's overseas husinesses are very apparent. Man-agement problems in the US, a lack of a decent Continental Beecham's auction of its cosmetics business may be small stuff in the context of a 19ba-European business and dopen-dence on politically volatile areas like Mexico and Chile is not the sort of diversification such in the context of a role plus merger with SmithKline, but it is a big deal in the world of personal products. The goods on offer sound rather which promises to cushion the inevitable decline in UK cement profits. similar to the Faberge business

bought for £890m by Unilever a couple of months ago, though the price is likely to be nearer £650m, in line with sales and profits 20 per cent lower....... Like the Faberge husiness, Percentic fully into the Insider dealing

There is a welcome finality about the Law Lords' ruling on the notorious term to "obtain" in the 1985 Act on insider dealing. Scarcely a week goes hy without visible evidence of such dealing on the trading screens, but proving the offence has always been des-perately difficult. At least it is now clear what the offence consists of having inside information, solicited or not, and acting on it.

Soda ash stands out as the hard pressed poor relation

By Peter Marsh in London

THE INVESTIGATION by European Commission officials into possible price fixing in Western Europe's £1bn-a-year (\$1.69hn) soda-ash industry is the latest in a series of problems for this hard-

pressed sector. For much of the past decade, the husiness has been very much a poor relation in the chemicals industry as a

whole. The main snppliers, all of whose offices have been the subject of raids offices have been the subject of raids this week by Commission cartel-bust-ing officials, are Solvay of Belgium, Britain's Imperial Chemical Industries, Rhône-Poulenc of France, West Ger-many's Henkel and the Netherlands' Akzo.

Soda asb (sodium carbonate), which is an important raw material in the glass and detergents industries, is highly unexciting. Its production pro-cess has barely altered for 100 years.

The manufacturing method, which involves adding ammonia and brine to limestone, is highly energy intensive and the industry has had a tough time

keeping down costs. Added to this, the European industry

WEST EUROPEAN SODA ASH PRODUCERS Annual output (m tonnes) 1987 Solvay (Belgium) ICI (UK) lenc (France) Akzo (Netherlands) Henkel (W Germany) 0.3 0.3 Kalk* (W Germany) "76 per cent owned by BASF Source: Industry estimates

has had to battle to keep output at reasonable levels because of static or barely rising demand from customers.

While much of the chemicals industry has experienced good demand for its products in recent years due to bnoyant economic conditions, these factors have done litle to help soda ash producers.

Glass output recently has been fairly flat, dne to competition from other materials such as plastics packaging. In detergents, manufacturers have dur-

ing the 1980s been increasingly been sing sodium hydroxide instead of soda ash. This is a byproduct in chlorine production and for much of this decade has been significantly cheaper than soda ash

Sodium carbonate now sells at about £125 a tonne in Europe. In contrast to prices across much of the rest of the European chemicals business, which have risen steeply over the past two years, soda ash prices have been virtu-ally static since the mid-1980s.

Another headache for the belea-Another headache for the belea-guered European industry is the exis-tence of cheaper supplies of natural sodium carbonate in other parts of the world, including the US, Turkey, Kenya, Tanzania and South Africa. In these places, the material is obtained from a mineral called trong and is sig-nificantly cheaper.

nificantily cheaper. In the early 1980s, soda ash imports, especially from the US, were a prohlem for the European industry. But the dif-ficulties have eased, thanks largely to tariffs imposed by the Commission in 1983 on supplies from the US. With the unhappy state of the soda

Yesterday afternoon they were still

ash business generally, people in the chemicals sector contacted yesterday said they would not be surprised if some kind of agreement on markets and prices had existed among the main European suppliers. "I think you can say that a practice

of what yon might call 'orderly marketing' has been in place," said one executive. market. Another observer, who also said he

did not want to be named, agreed he thought some kind of market sharing had taken place. "But I have some sym-pathy for the suppliers. They are in a difficult husiness and this kind of arrangement is possibly the only way they can survive."

Whatever the outcome of the Com-mission's inquiries, its officials are clearly in a mood to get to the bottom of the affair. One of the officials, together with two people from Britan's Office of Fair Trading, taided ICI's main soda ask production plant in Winnington, Cheshire, early on Tuesday morning.

Paris and Bonn in nuclear joint venture

By Paul Betts In Paris

FRAMATOME, the French nuclear plant manufacturer, and Kraftwerk Union (KWU), the energy subsidiary of the West German Siemens group, signed a major joint venture agreement yesterday which is expected to open the way to hroad co-operation in the nuclear field hetween Paris and Bonn.

Framatome and KWU have decided to pool their interna-tional activities in the nuclear pressurised water reactor (PWR) field into e joint subsid iary called Nuclear Power Internetional (NPI) headquertered in Paris.

The new company will be in charge of the international marketing of the two groups'

threat on ethics

lan, who has argued in a 450-page report that Mr Mallick had a direct interest in legisla-

tioo because of his oil and property interests.

be at issue: an economic devel

opment grant for the Fort

Worth stockyards and a hill

which, belatedly, provided funds to bail out the savings

and loan industry. In 1986 and 1987. Mr Wright argued that federal regulators'

efforts to close struggling Texas savings institutions

would damage the regional

ecocomy - and he held up leg-

islation providing funds for a bail-out to make his point.

Two specific bills are said to

Wright faces

Continued from Page 1

PWR husiness as well as co-or-dinating the development of a common PWR technology for the international market. But it will not handle the two groups' PWR activities in their

respective domestic markets. The egreement, designed to strengthen the international market penetration of Frama-tome and KWU, is also expected to lead to a series of other major nuclear co-operation egreements hetween France and West Germany.

The West Germen Veba group is now understood to be considering halting construction of a nuclear fuels retreat-ment plant in Bavaria under pressure from German ecologists. As an alternative, it is

By Tim Dickson in Strasbourg

now envisaging taking a 49 per cent stake in a new retreat-ment unit under construction the agreement.

Brussels says new butter fraud cost 'billions of Ecus'

at La Hague, the French nuclear complex in Normandy. nuclear complex in Normandy. At the same time, Electricité de France (EdF), the French state electricity ntility, is also negotiating the sale of excess French nuclear-generated elec-tricity to West Germany. The French utility has heen actively promoting the sale of its excess power canacity to

its excess power capacity to neighbouring countries. The Framatome-KWU agreement to pool their interna-tional marketing activities was orginally to be signed last week. However, last minute hestitations on the part of the Commissariat de l'Energie Ato-

miqne (CEA), the French nuclear power agency, delayed

The CEA is a major share-holder of Framatome together with the privatised Compagnie Generale d'Electricité (CGE), the largest shareholder with a 40 per cent stake in the French nuclear power group.

However, Mr Roger Fauroux, the French industry minister, yesterday welcomed the agreement

The new joint Framatome-KWU company based in Paris will be managed by a board of directors with four representa-tives. The general maneger will be appointed by Siemens/ KWU and the deputy general manager by Framatome.

loophole on insider dealing The British Government's attempts to curb insider deal-ing was supported by a legal ruling yesterday in the House of Lords, the country's highest

Britain closes

court of appeal. The decision hy the Law Lords sealed a loophole that had endangered government legal moves which are at the forefront of its campaign against insider trading. The Government has six cases before the courts and 17 under investigation.

People were deemed to be guilty if they dealt in shares on the basis of what they knew to be unpublished, price-senstive information no matter how it came into their possession. **Report**, Page 8

While Sir Nicholas Goodison was never the most obvious choice to transform the sleepy TSB into a dynamic financial services group, his experience in Stock Exchange politics should have helped soothe the egos of the 93 non-executive directors of the TSB who are

TSB

Beecham's falls into two roughly equal parts: down-market personal products, sold through chemists and chain through chemists that per-fumes, run out of Germany, and sold on higher margin through apecialist shops and department stores. With sales of some £370m and operating profits of 546m in the year to profits of £46m in the year to March 1989, it could attract



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£10,000	£ 95	£50
£15,000	£123	£50
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The Parliament's own public hearing in December focused THE SPECTRE of European Community farm fraud was raised again yesterday when a leading member of the Eurofurther attention on the problem, prompting concern from Mrs Margaret Thatcher, the British Prime Minister, and pean Parliament claimed that "billions of Ecus" have been wrongly paid out hy Brussels to dairy producers in the Netherlands, France, West Ger-

bit of the many and Belgium. The allegations of Mr Piet Dankert, former President of the Strashourg assembly and rapporteur on fraud in the Par-liament's hudgetary control committee, will fuel the bitter debate sparked off last year by his own report, which suggested that as much as 10 per cent of the EC's £30hm (\$50bn) budget may be the subject of fraud. The basis of his allegation two well-researched reports on

was that the fraud had taken place between 1982 and 1987 when dairy producers using a EC export subsidies from the Court of Auditors, the EC's financial watchdog.

technique known as the "Nizo" method had sold their butter (\$1.104bn) in the Netherlands and roughly half that in and roughly half that in France) came because the pro-ducers were able to claim EC subsidies quite legally by sell-ing their skimmed milk powder to animal feed producers. Mr Dankert told MEPs that the fraud – which be said had into the EC's intervention stores when it did not qualify for gueranteed purchases under the rules of the period. Under the classic process, hutter is made by taking the fat out of the milk and churning it - what results is butter and a sour "undermilk" which can be used for drinking or fattening animals. Under the Nizo method, a so called "sweet" residue is left which can be used for such products as cof-fee creamers or turned into dried milk powder.

According to Mr Dankert, the financial benefits (esti-mated at around Eculhn

been discovered from figures that should have been avail-able to national authorities as well as the European Commission - was not the result of complex agricultural legislation. "The rules were perfectly simple," he stressed. Tha Commission said last

night that Nizo butter had been allowed for intervention from 1987.

Kohl puts Waigel in charge of finance

Continued from Page 1

eign D-Mark loans, which are exempt from it, slipped. How-ever, Mr Kohl later described the idea that Mr Waigel had made changes in the tax a con-dition of his Cabinet entry as "pure invention." It is true, however, that the

Christian Social Union (CSU), of which Mr Waigel hecame head after Mr Franz Josef Strauss's death last year, has opposed the tax. But while officials said yesfied, any decision to scrap or emasculate it would clearly mark an even further loss of face for the centre-right coalition of Mr Kohl, for whom the Cahinet reshuffle is an attempt to recover status in the eyes of increasingly sceptical voters. As for Mr .Waigel, he will have to establish a profile

quickly both at home and abroad. Be must also develop a close relationship with the has made no secret of his Bundeshank, whose association with Mr Stoltenberg was opposition to the tax.

new tax and other issues. Ironically, the Bundesbank yesterday reaffirmed its oppo-sition to the withholding tax in its annual report, noting that it had not only led to heavy outflows last year, but also contributed to a sharp drop in foreign long-term holdings in West Germany. Mr Karl Otto Pöhl, its president,

generally fruitful. desplte strong differences over the

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FINANCIAL TIMES COMPANIES & MARKETS Friday April 14 1989



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Mérieux takes its best shot

The apirit of Louis Pasteur stalks the corridors of Institut Mérieux but alk in the boardroom is far more that of the 20th century. in pursuit of "a giobal marketing strat-egy and critical mass." the French vaccine com-

pany last month agreed to marge its human health activities with those of Canade's Connaught BioSciances. Andrew Baxter and David Owen examine what will be tha world'a largest vaccine producer. Page 29

An inspector calls

In South Korea they call it "zaitech" or finan-cial engineering. Initially, banks and industrial companies used this dealing on foreign exchange markets to hedge against currency movements related to trade. But it increasingly became simply an opportunity to make profits, and now the first major loss has been reported. A team of investigators from the South Korean central bank has been despatched to Kwangju Bank, following revela-tions that it has lost Won30bn (\$45m), more that half its net worth. Page 31

Bonfire of British vanities



have been worse. Pros-pects seemed bright a year ago when Michael Peters (left), head of the British design group of the same name, announced the acquisi-tion of Hambrecht Terrell in New York. But no sooner had the deal been completed than the

Tha timing could scarely

collapsed. Yesterday Peters warned losses from Hambrecht.would depress overall profits growth this year; reports Alice Rawsthorn, who also looks at the wider problems for the indus-try in the UK. Page 33

Little firms have little future

Small brokers are almost guaranteed to be squeezed out of London's futures markets because of the extra charges they face to finance tha regulatory functions required under the Financial Services Act. So says Alan Harper, chairman of Coley and Harper, which has withdrewn from trading on the Baltic Futures Exchange. Page 36

View through Australia's gloom There were no surprises for Australia's



Terms altered in GEC-GE link

By Terry Dodsworth, Industrial Editor, In London

BRITAIN'S General Electric Company and General Electric of the US have abandoned plans to merge their European medical electronic businesses as part of the wide-ranging co-operation agreement announced three months are

in the final deal completed yesterday, the two companies have opted for a less radical change than a full merger. Instead of putting its medical business into the joint operation in return for a 25 per cent stake, GEC will sell its British sales and service operations to the US business and retain its West German man-ufacturing and distribution

utacturing and distribution organisation. Except for a few minor changes, other details remain unchanged. In honsehold appli-ances, the two companies will have a joint venture based on GEC's Hotpoint and Creda ranges. In electrical distribution equipment they are combining ranges. In electrical distribution equipment, they are combining GEC's Belgian-based Vynckter business with GE's Cogemec. In gas turbines, GE is linking up with both GEC and CGE-Al-sthom, the French electrical,

group under a licensing deal which will give the European companies access to its technol-ogy. But it has decided to reduce

its equity participation to 10 per cent from the 33 per cent target. Mr Malcolm Bates, GEC's dep-nty managing director, said the company would be writing to sharebolders to explain the sharebolders to explain the agreement There was no require-ment to hold a shareholders' meeting, he said, because the assets represented less than 5 per cent of the group's capitalisation. The medical deal had bean changed, he added, because of strong equipment supply links between the German manufactur-ing operations and GEC's main US organisation, which is not affected by the deal. Both aides found difficulties in disentangi-ing these arrangements.

ing these arrangements. Mr Paolo Fresco, GE's senior vice-president for international operations, said that the com-pany would be giving between £10m and £20m for GEC's UK medical business. The overall balancing sum of £325m which GE agreed to pay for its stake in the GEC appliance business and other assets is unchanged. GE separately announced a

sharp rise in first-quarter net earnings to \$349m or 94 cents a share from \$725m or 80 cents. Revenues rose to \$11.9bn. Siemens reveals Plessey plan, Page 35

The acquisition represents an The acquisition represents an uncharacteristically aggressive bid by Hewlett to seize a leader-ship position in the \$40n com-puter workstation market, the fastest growing segment of the computer industry. It is also the first time in more than 20 years that Hewlett has undertaken a that Hewlett has undertaken a

Adding to the drama of the occasion was the fact that the announcement came just hours

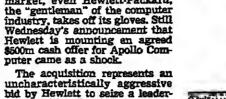
vince some sum executives that Apollo had not planned the acquisition announcement to upstage them.

In some ways, Hewlett and Apollo make strange partners. Hewlett is a veteran of the elec-tronics industry, one of Silicon Valley's oldest and largest companies, known for its technology strengths and good citizenship. Last year, it had group sales of \$9.8bn

microprocessors, switching to its microprocessors, switching to its proprietary Spectrum reduced instruction set computer (Risc) architecture for very high perfor-mance engineering workstations. Similarly, Apollo has Motorola-based workstations and RISC workstations based upon its own

Apollo represent an ideal blend-

W HEN IN comes to com-peting in the cut-throat compoter workstation market, even Hewlett-Packard, Worldwide market for workstations



major takeover.

announcement came just hours before arch rival Sun Microsys-tems was due to announce what it called the most significant new products in its history. The timing was purely coinci-dental. Hewlett executives insisted. But that did not con-

Apollo, in contrast, is a scrappy seven-year-old pioneer of scrappy seven-year-old pioneer of the computer workstation mar-ket, based in Massachusetts and often portrayed as the "East Coast, buttoned-down" rival of California's workstation market leader, Sun Microsystems. Despite their different styles, however, Hewlett and Apollo have moch in common. Both have focused considerable resources at the workstation market and both have chosen similar product strategies.

similar product strategies. Hewlett bases most of its work-station products upon Motorola

workstations based upon its own "Prism" design. Merging the product lines of both companies will however present a major challenge, indus-try analysts said. There are also some difficulties over software, that will have to be resolved. Nevertheless, Hewlett is confi-dent that the companies will fit well together. "Hewlett and Apollo represent an ideal blend.

abont one another. Frequently compared to Sun, one of the fast-est growing computer companies in the US, Apollo has seldom been classed as the winner. Over the past year, Apollo has lost market share to Sun, and suffered a major financial set-back. After two quarters of losses, Apollo ended 1988 with profits of only \$2.1m, down from \$20.5m, despite an 18 per cent increase in revenues. The company has been widely

The company has been widely expected to seek a richer partner to allay concerns about its long-term financial viability, but few had suspected that its suitor would be Hewlett.

Ties between Hewlett and Apollo have, bowever, been building over the past year,

to take on their common enemy, Hewlett and Apollo joined forces, along with Digital Equipment and IBM,

dation, and the beginning of an industry-wide battle over soft-ware standards that has yet to be resolved. Apollo and Hewlett sit together on one side of the battle lines, while Sun Microsystems is firmly placed on the opposite

Louise Kehoe looks at the rationale behind

Hewlett-Packard's \$500m agreed deal with Apollo

side. The disagreement was reflected in Sun Microsystem's comments on the Apollo acquisition. "It means one less competitor, and one less member of OSF," said Mr Scott McNealy, Sun president and chief executive.

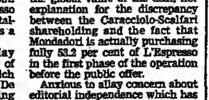
Unable to resist an opportunity to throw a gibe at his competi-tors. Mr McNealy went on to describe the acquisition as the partnership of "one company that couldn't stand alone and one company that couldn't catch up". But industry analysts view the marriage in a different light. "The merged companies will be a formidable force in the workstatioo market and a significant com-

Graphics' president. "We've long said that Apollo was a great prod-uct company that was suffering from its financial image. This takes the financial issue off the table, with a company known for quality." Apollo's customer base was the

major attraction for Hewlett, according to industry analysts. Before the acquisition, Apollo boasted the second largests cus-tomer base, with 84,000 units installed. Hewlett ranked fourth with 49,025.

Here welett says it will inte-grate Apollo into its existing workstation group. No decisions bave yet been made about the role of Apollo's current managers, including its chief executive Mr Thomas Vanderslice, who yesterday said that he has "several options

For Apollo, the acquisition marks the end of a long struggle. Although the company claims



Anxious to allay concern about editorial independence which has caused journalists to strike this week at La Repubblica, L'Espresso and other group publica-tions, the Mondadori board "reaf-firmed the total autonomy and independence of the directors and journalists of all the titles, in full

US retail design market

By John Wyles In Rome ARNALDO Mondadori Editori,

Article Bargest publishing com-pany, will pay about L700bn (\$506m) to acquire the L'Espresso group, publisher of a leading Ital-ian daily newspaper as well as a weekly news magazine.

The publishers yesterday revealed some of the details of the cash-and-paper offer which has been made by Mr Carlo De Benedetti, whose Cir holding company controls Mondadori, and securited by Prince Carlo and accepted by Prince Carlo Caracciolo and Mr Engenio Scal-fari, owners of 45.65 per cent of

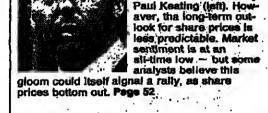
Other owners will be offered the same terms (unlike the usual practice in Italy), based on a L15,500 payment in cash and 2.2 shares in Cartiera di Ascoli, the

Takeover terms value L'Espresso at L700bn

cent of L'Espresso. No official figure was given for the global value of the deal, nor

respect for the rigorous subdivision of tasks and responsibilities

The men who would blot out the Sun



Market Statistics

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between shareholders, managers and journalists."

paper company 68 per cent owned by Mondadori. At Cartiera's clos-ing price before this week's sus-It is understood that Mr Caracciolo and Mr Scalfari, who is the pension, this would value each editor of La Repubblica, will take a 10 per cent stake between them in Mondadori - 8 per cent and 2 per cent respectively. The two will join the Mondadori board L'Espresso share at L31.582. This points to an overall price for the publishing group - which owns the weekly news magazine, La Republica, Italy's second with Mr Caracciolo taking over highest selling daily, and 14 pro-vincial newspapers - of L703bn. from Mr Sergio Pollilo as presi-dent, and Mr Lnca Formenton Cir already owns just over 17 per acting as vice president.

ing of product strengths and business strategies," said Mr John Young, Hewlett president

and chief executive. Perhaps the stroogest bond between the two companies, lies in their common competitors, in particular Sun Microsystems, the aggressive market leader.

For Apollo, in particular, Sun has become the bitterest of rivals. Executives of Sun and Apollo have little good to say

18 months ago in an effort to dissuade AT&T from giving Sun Microsystems a "preferential role" in the development of the next generation of UNIX, a com-

puter operating system that has become the focus of industry-wide efforts to establish standards that will enable different types of computers to share soft-ware and data.

Their efforts led to the formation of the Open Software Foun-

petitive threat to Sun Microsys-tems and Digital Equipment," said Mr David Burdick, an anathat it could have survived independently, had it not be approached by Hewlett with an lyst at Dataquest, the market earch firm. re

attractive offer, industry experts believe that mounting competi-Apollo's largest customer, Mentor Graphics, an Oregon-based company that is the leader in the tion from Digital Equipment and IBM, as well as Sun with its array of new prodocts, would field of computer aided design systems for the semiconductor industry, also praised the deal. "We think this is great," said have made life very difficult for

Apollo. Sun sparks off battle with the Mr Gerard Langeier, Mentor big battalions. Page 18.

Crédit Lyonnais profits fall after losses at London securities unit

By George Graham in Paris

CREDIT LYONNAIS, the French state-owned bank, saw net profits state-owned pank, saw het profits fall by 7 per cent last year to FFr2.06bn (\$324m) under the weight of heavy losses at its UK securities operations and a large increase in bad debt provisions. Alexanders Laing & Cruick-chenk Holding the London struct shank Holding, the London stock-broking and dealing subsidiary, made operating losses of FFr298m, and exceptional restructuring costs and tha write off of ALC's goodwill cost a

further FFr305m. Mr Jean-Yves Haberer, Crédit Lyonnais chairman, said that without these losses, the bank's net profit would have risen 12 per cent to FFr2.76bn. ALC's results so far this year have improved, but not yet returned to profit. Over 1989 as a whole, they are budgeted to break even

Mr Haberer said the bank's business plan centred on the need to double its net profits by 1992. Provisions for risks were increased sharply to FFr6.36bn, after a reduction the previous year to FF15.335bn.

year to FFr5.3350n. Crédit Lyonnais clawed back FFr759m of provisions made on its securities portfolio in 1987, in the wake of the stock market crash, but increased client risk provisions by half to FFr1.74bn and doubled country risk provi-sions to FFr4.81bn.

and doubled country rask provi-sions to FFr4.81bn. Mr Haberer said that the bank had set a target of covering 50 per cent of its exposure on the 62 countries listed as at risk by the French banking supervision anthorities, and had reached a cover rate of 51 per cent.

have made more provisions. He refused to criticise the reduction in provisions in 1987, carried out under his predecessor. Mr Jean-Maxime Léveqne. Mr Haberer noted that the emergence in the last few months of a new approach to the debt problem, especially the proposals of Mr Nicholas Brady, US Treasury Sec-retary, had made it urgent to increase the rate of cover. "After seven or eight years in

have made more provisions. He

"After seven or eight years in which debt problems were treated by rescheduling, we have arrived at a moment where creditors will be asked to abandon debts - governments, but also commercial banks," he said.

Lending activity increased strongly, with total loans up 18 per cent to FFr505bn. Leasing Even without the losses at activity rose by 62 per cent and ALC, he said, the bank would not corporate lending by 18 per cent.

Blue Circle Industries forecasts record UK cement sales in 1989

By Andrew Taylor, Construction Correspondent, In London

top 20m tonnes this year, beating the previous record of 19.8m tonnes in 1973. Sales last year were about 18.6m tonnes.

The group, the world's second largest cement producer behind Holderbank of Switzerland, said 1988 pre-tax profits rose by 31 per cent from £155m to £203.1m (Eusen)

(\$348m). Yesterday's figures are the lat-est in a series of good 1988 results from UK construction and build-ing materials groups. Earlier this week. Taylor Woodrow announced a 41 per cent increase in profits to £108m, and RMC, the world's blocget ready mired comexpected to import 1.5m tonnes. Mr Jim McColgan, chief execu-tive of Blue Circle's UK cement division, said the main Northfleet works in Kent would run out of raw materials by the end of the century unless it received planworld's biggest ready mixed con-

BLUE Circle Industries, Britain's crete group, said profits had risen ning permission to extend its biggest cement manufacturer, by 37 per cent to £205.9m. quarrying operations. "Problems ning permission to extend its quarrying operations. "Problems in getting planning permission for quarries makes it very diffi-cult to increase UK production even if we wanted to," he said. The world was slowly moving for a survive of compart to a by 37 per cent to £205.9m. In each case, profits growth has been led by big increases in UK turnover and profits. Blue Circle said UK profits had

increased by more than two thirds last year to 5134.1m. It had been anable to supply all of its customers last year from its UK cement works and had from a surplus of cament to a shortage. Mr McColgan said Western Australia, for example was finding it increasingly diff imported aboot im tonnes of cement and clinker, which is ground in mills to produce cement. This year Blue Circle

was finding it increasingly diff-cult to import from previous sup-pliers in the Far East. Jepanese companies had receotly been seeking to buy cement from Blue Circle compa-nies in Mexico. The UK group last year imported about 2m tonnes of cement into the US, where it is a large manufacturer of cement and concrete. Lex, Page 26; Results, Page 33



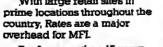
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INTERNATIONAL COMPANIES AND FINANCE

Steady growth at Dresdner Bank

By Heig Simonian in Frankfurt

DRESDNER BANK, West Germany's second biggest bank, complated this year's Despite the good results. Mr Despite the good results. Mr reporting season for leading German banks by announcing a 4.9 per cent rise in 1988 group partial operating profits to DM1.6bn (\$848m).

Full operating profits, which are not revealed but include earnings from own-account trading, reflected the bank's traditional strength in trading, with rises of 20 per cent and 35 per cent at group level and parent bank level respectively.

BERLINER BANK is to raise

its dividend two points to 10 per cent following an increase in earnings last year from DM7.4m to DM32.4m (\$17.2m), writes Leslie Colitt in Berlin.

Business expanded at twice

the average rate of West Ger-

man banks last year. The bank

said it was cautiously optimis-

tic about this year. The city-owned bank, which

is being privatised, has broken out of its local market over the

past 15 years and become a national and international

Despite the good results, Mr restrictions at some other Ger-Wolfgang Roeller, the chief man companies, had not been executive, announced a limited form of voting restrictions on its ahares to prevent an unfriendly takeover. According to the plan, which

has to be approved by shara-holders at next month's annual meeting, an investor's voting right will be limited to 10 per ing rights plan was designed to ward off "unfriendly" take-cvers, he said. cent of the bank's equity capi-tal. The scheme, if approved, ent bank level respectively. Net profits rose 11.2 per cent to DM519m, and the dividend with approval of the bank's management business, the

based Oechsle group, an inde-peodent US global fund man-ager, which has about \$1.2bn under management. The aim is to raise that to \$2bn by the end of the year. Further small fund management purchases may follow in London, where the bank bought a majority stake in the Thornton Group last

Mcanwhile, gronp interest income rose by 3.4 per cent to DM4.11bn last year, while fee income climbed by 9.1 per cent to a record DM150hn. The rise in interest income, coming despite a continuing fall in the despite a continuing fall in the bank's lending margins, stemmed from a sharp increase in lending business, with group total assets surging by 11.6 per cent to almost DM231bn. Last year had been "the year of credit business," said Mr Roeller

block the French group's investment. As a precaution-ary measure the Ministry told Impulsa not to register Hersant's shares.

the Government.

and the March financial group each own 15 per cent.

Canal Plus could face rivals for the stations, including La Vanguardia, the Barcelona newspaper group, and publish-ers Grupo Zeta and Anaya.

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Dassault registers sharp rise in group net profit

By Paul Betts in Paris

DASSAULT-BREGUET, the French aerospace group, reported yesterday a sharp rise in consolidated net profits to FFr427.7m last year from FFr185.6m the previous year. Group sales also rose to FFr18.8bn last year from FFr15.bn the year before.

Parent company earnings, however, declined by 23 per cent to FFr146.4m last year from FFr191m the previous year. But Desseult emphasised that this fall in parent company net income reflected a substantial rise in profit taxes as well as the company's employee profit sharing scheme and provisisions for

New orders booked last year' totalled FFr15.96bn compared with FFr13.43bn in 1987. Exports accounted for 58 per cent of the new orders while 21 per cent of the orders while 21 last year involved civil aircraft. Apart from military jets, Das-sault also produces the Falcon sault also produces the Falcon range of corporate jets. Mr Serge Dassault, chair-man, said 1986 had been a par-ticularly important year for the group because of the launch of the new Rafale fighter jet pro-group by the French constru-

gramme by the French govern-

ment on which the future of Dassault largely depends.

industrial restructuring costs.

to improve competitiveness. Indeed, Dassault is currently embroiled in a labour conflict with its unions over plans to shut down its Colomiers plant

in Toulouse as part of its broad industrial rationalisation stratmuscrial rationalisation shar-egy. The company is currently negotiating with Aerospatiale, the state aerospace group, an eventual agreement to subcon-tract Aerospatiale work to Das-sault to ease the restructuring problems at Colomiers.

expand its activities in the

space sector, develop coopera-tion with French and foreign

companies, as well as continu-

ing to reduce costs and speci-alise its manufacturing plants

The group had also sought to

Mystery over Banesto stake

THE MYSTERIOUS sals by Banco Espanol de Credito (Banesto), one of Spain's big commercial banks, of 2.05 per cent of its stock to an obscure Panamanian-registered company this week remained clouded in rumour and innuendo yesterday when bank offi-cials said they would be unable to say who controls the buyer, Namrof Assets, until next week.

The shares involved were surrendered by two local busi-nessmen, Mr Alberto Cortina and his cousin Mr Alberto Alcocer, after their successful fight to break np a planned merger between Banesto and Banco Central earlier this year.

mer vice president, Mr Juan Abello, who resigned just before the marger plans col-lapsed.

Mr Jaques Hachuel, a local businessman, has taken one-third of the 3 per cent stake and transferred his 2 per cent stake in the private Swiss bank, Julius Baer, to Banesto. Baer and Banesto may soon form a portfolio management

joint venture in Spain. In a further move, Hanesto and its Asturiana de Zinc minand its Astoriana de Zinc min-ing affilizie, have also taken a 10 per cent stake in Mr Hachusl's property company, Urbis, and have ceded, in return, a 20 per cent stake in Ceise, a small property group owned by the bank, to Mr Hachuel NNNN

Imasco warns on proposed trust law

IMASCO, the Canadian tobacco, fast food and retailing conglomerate, has warned the Government that it will seek a provincial charter for its Can-ada Trust subsidiary if new Later the Government in Ottawa said that outside con-trol of trust companies (or near-banks) should be limited. Imasco agreed to reduce its Canada Trust holding from 99 federal trust company legislation due by early antumn restricts its competitiveness, writes Robert Gibbens in Monper cent. The provinces, led by Que-bec, say that outsiders should be allowed to control financial

bnasco, 40 per cent owned by BAT Industries of the UK, diversified into financial services in 1986 by acquisition of

No. 6 64. 23. 6

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Canada Trust, one of the country's two largest trust compa-

to bring down its Canada Trust holding to 65 per cent over five years.

ership rules, we would con-sider all our options including shifting CT's incorporation to a province, possibly Quebec, where no ownership limits exist."

5.2.

measurement and image pro-cessing. It has 1,150 employees and last year recorded sales of the equivalent of SFr333m (\$140m) The sale of the company to the Municb based holding com-pany BMW Intec, which is sub-ject to official approval, is a further step by Roche to con-centrate its electronics activities on analytical instruments and systems for its expanding diagnostics division. Late last year the Basle gronp

Berliner Bank raises dividend to 10%

customers.

announced plans to

the second second second second

Berliner Bank scored a coup Two of the branches suffered last year by obtaining a licence from Visa, the credit card combad loans in 1988 which led to a suspension of the dividend. pany, and joining forces with Adac, the largest West German automobile club. Together with The bank deceotralised operations by creating five branches to cover West Berlin

Landesgirokasse, it is offering the Visa card to almost 9m The advent of a red-green coalition government in West Berlin earlier this year had not Adec members. The bank is negotiating similar arrange-ments with other prospective

Berliner Bank's six West German branches showed a marked improvement over 1987 and are expected to achieve an overall profit this year. future investment.

Maxwell in final bidding for Enquirer

By Raymond Snoddy

MR Robert Maxwell, publisher of Mirror Group Newspaper, is in the final round of bidding for the National Enquirer, the top selling American popular weekly with a circulation of more than 4m. The winner of the sealed bid auction could be

Mr Maxwell, it is believed, is in a tense battle for the profitable publication with Hachette of France and Bauer of West Germany and several other

potential purchasers. The price is likely to value the company at well in excess

The Maxwell bid had been made through Mirror Group Newspapers rather than the quoted Maxwell Communication Corporation, and Maxwell Grephics in the US already prints the National Inquirer.

NEW ISSUE

Roche sells German offshoot By John Wicks in Zurich consortinm headed by Barin Capital Investors, of Paris. F. HOFFMANN-LA Roche, the Swiss chemicals group, is to sell its German subsidiary

Kontron Instruments is a man-Kontron Electronics to BMW, ufacturer of medical and clinical apparatus and in 1987 the West German car manufacbooked turnover of SFr341m. turer, for an undisclosed price. Kontron, based in Eching near Munich, produces elec-tronic systems and compo-nents for analog and digital • Von Roll, the Swiss steel and engineering company. boosted net group earnings from SFr34m to a record SFr82m last year, on a 45 per cent rise in turnover to SFr2.19bn. The rise in sales was due mainly to the takeover of the Swiss company Isola-Werks and the overall improvement in world steel prices.

The Gerlafingen-based parent company proposes to increase dividends for the year bearer sbare. divest Kontron Instruments, of Shareholders will be asked Zurich, to a European investor at the May 24 annual meeting

from SFr6 to SFr9 per registered share and participation certificate and from a semi-annual SFr15 to a full SFr45 per

to approve a chaoge in the statutes whereby an alteration in the rules governing the entry of registered shares into the Von Roll stock ledger would need the support of at least 51 per cent of all share-holders. This is intended to guard against any takeover of control at the company. • Ems-Chemie Holding, Swiss parent company of the Ems

group, plans to increase divi-dends for the current year ending April 30, from SFr55 to SFr70 per bearer sbare and from SFr11 to SFr14 per registered share.

It also proposes to make a rights issue of 37,936 new bearer shares of SFr500 nominal value to raise capital from SFr114.84m to SFr133.8m. For calendar 1988, Ems Group turn-over rose by 10.2 per cent to SFr651m from SFr591m; net profits rose from SFr48m to SFr65m.

13th April, 1989

By Peter Bruce in Madrid

sant's shares. Diario 16 yesterday quoted. Cepress's chairman as saying that Hersant was willing to forgo ownership of Radio 16 if this was considered illegal by the Covernment

In contrast, French pay-ty channel Canal Plus has moved gracefully into Spain with a bld, backed by powerful domestic allies, to provide commercial pay television. The enterprise, also called Canal Plus, will apply for one of three private TV stations to be allocated by the Government next month. Canal Plus owns 25 per cent of the ven-ture's equity, the limit for for-elgners. Prisa, owner of the newspaper El Pais and the radio network SKR, has 25 per cent. Banco Bilhao Vizcaya

treal.

The Bank of Spain has pre-vented Mr Mario Conde, Banes-to's chairman, from buying

back the shares diracily because of concern over the amount of treasury stock Banesto accumulated while supporting its share price dur-ing the ill-fated merger pro-

cess. Earlier this week, Banesto pnt ont a statement saying the 2.05 per cent had been bought 205 per cent had been bought by the Swiss Bank Corpora-tion, but this was quickly denied by the Swiss, who said neither the SBC nor any of its affiliates had bought any Banesto stock. An SBC state-

ment implied, however, that it was acting for Swiss interests in the possible purchase of the ahares. Mr Conde also appears to be

having difficulties placing 3 per cent of the bank's stock surrendered by Banesto's for-

يقاد الايقالية الرجار بقارية والأور المعمر

and the second second

able to compete worldwide. Purdy Crawford, chairman, said that Imasco is still ready

"But if the rules of the game restrict CT's ability to compete with others not subject to own-

services firms to encourage formation of large conglomerates . . 10 11 20 300 المتحالة والمراجع والمتعالية والمحاصر والمراجع 11.126 1.1.1.1

entities the cost in a first

Roeller. Results in the first two months of this year had con-firmed the strong trend in

coalition government in West lending, while commission Berlin earlier this year had not balted previously planned investments, the bank said. Businessmen had revealed some concern over the new Government's politics, but it and full operating profits so far

was too early to determine this year were well ahead of what effect there would be on the proportionate figure for

dictated by the persistent buy-ing of the bank's shares since the stock market crasb, which has triggered rumours of a possible bid. The buying reflected the fact that German bank shares were cheap by interna-tional standards, and the vot-

bank has bought the Boston-

publisher's Spanish bid hits snag By Tom Burns in Madrid

French

Robert Hersant to acquire the parent company of Spain's Grapo 18 media group has run afonl of legislation prohibiting foreign ownership of more than 25 per cent of a Spanish company with radio and television interests. vision interests. The target company Impulsa, whose publications include the newsweekly Cam-bio 16 and the newspaper Diario 16, owns a small FM radio station called Eadio 16.

A BID BY French publisher

This has bas proved a lifeline for Impulsa's chairman Mr Juan Tomas de Salas. Mr de Salas, who claims to own more than 50 per cant of

Impulsa, reacted angrily this week when the Hersant group announced that Cepresa, its Spanish holding company had hought more than 30 per cent

of Impalsa. The Economy Ministry yes-The Economy Ministry yes-terday said it would examine the oature of the Hersant bid, citing the legislation on for-eign ownership. The Ministry warned it bas full powers under existing legislation to



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WAY OF GETTING THINGS DONI

INTERNATIONAL COMPANIES AND FINANCE Merging for a healthier future

Andrew Baxter and David Owen on a world vaccines tie-up

A century after the scien-tific endeavours of Louis Pasteur trans-formed the worlds of medicine, brewing and agriculture, an industry which owes much to his original researches is fac-ing some modern challenges. It was the French chemist and microbiologist who origi-

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and marchinologist who drig-nated, and was the first to use, vaccines for anthraz, chicken cholera and rabies. However, this is not a tale of 19th century scientific discovery but of today's world vaccine industry. At the heart of the story are the buzzwords of late 20th century capitalism - global mar-kets, critical mass, merger strategy and even poison

It is fitting that one of the two principal players in this story should be Lyons-based Institut Méricux (IM), the pro-ducer of vaccines and blood derivatives that grew from a medical institute founded in 1897 by Marcel Mérieux, one of Pasteur's assistants.

The other is Canada's Con-naught BioSciences, formerly CDC Life Sciences, a Toronto-based company with interests in vaccines, pharmaceuticals and contract research. Connaught has been a household name in Canada since 1922, when it became the first manufacturer of the hormone insu-lin, following Banting and Best's Nobel Prize-winning discover

Last month the two companies agreed to merge their buman health activities into a new company, Mérieux-Con-naught, which will be the world's largest vaccine producer and - analysts say the first with a truly global

Mr Alain Mérieux, president of IM and grandson of the founder, says that the proposed merger will create a "new dynamic of enter-prise...This company [Mér-ieux-Connanghi] will be in the landing meridian worldide for leading position worldwide for the development and produc-tion of vaccines which have a primary role in the prevention of infectious diseases

It is easy to see why a merger should be attractive for both companies. With esti-mated world sales of just \$900m, excluding Japan which bans the importation of vaccines, the vaccines industry represents only 1%2 per cent of most countries' pharmaceutical markets.

Without big sales bases and forced to invest heavily in research and development – about 11 per cent of turnover at IM - companies have been restricted to defined geographical markets.

At the same time the indus-

the deal with the Canadians. "But this is going to change, and we have to acquire some of these technologies." cines for diseases such as polio, bacterial meningitis and influenza, and its 35.4 per cent stake in Nordic Laboratories, a

These technologies." There are also some short-term problems for IM and the industry generally. Overca-pacity and price competition in the blood derivatives market, and the need to reorganise test-ing procedures in the wake of AIDS, have meant that IM – with a 7 per cent share of the Canadian developer and manu-facturer of prescription phar-maceuticals which is half-owned by Marion Laboratories of the US. The resultant merger will create Máriaux Companyabt The resultant merger will create Mérieux Connaught, whose shares will be split equally between sharebolders in IM and Connaught. How-ever, because IM already owns 12.6 per cent of Connaught, it will end up with 56.2 per cent of the new company, which will fall to 51.4 per cent on a fully diluted basis. Méricux-Connaught will be incorpo-

AIDS, have meant that IM -with a 7 per cent share of the world market - "has not had a very good time in the past year or so," according to Mr Andrew Tivenan at James Capel. The company's net profits fall 10 per cent to FFr190m (\$29.8m) in 1967, and a further slight fall is expected for last slight fall is expected for last

It was against this back-ground that IM realised it had to "revise its concept of critical mass," as Mr Martin puts it. But negotiating a deal has not been easy. An attempt by IM last year to take effective con-trol of Connaught by raising its studie from 126 months. stake from 12.6 per cent to 32 per cent foundered on oppo-sition from the Canadian company and Canadian securities

its

regulators Mr Brian King; Connaught ble and workable format than chairman, offers three reasons why his company resisted the a takeover by IM. "This way, everybody's happy, and you've got a much stronger com-

First, the C\$32 a share offered by IM to raise its stake pany," says Mr Tivenan. Even so, Connaught's fabled past - it was owned until 1972 valuing Connaught at about

Mérieux - Connaught

1988 sales: 2420

R & D: 387

1988 profits** 300

1986

profits" 340

Cagol estimat

by the University of Toronto

and played a key role in the 1940s in the first attempts to

mass-produce penicillin - has

dismays nationalists.

Elements of the new compound

Pro forma basis (F.Fr. million)

owned by Rhone-Ponlenc, the French state-controlled chemicals and drugs group. While IM cherishes its inde-

pendence on a day to-day basis, the convergence of technolo-gies is bringing it closer to its parent, which consolidates 100 per cent of IM's sales into its accounts. Indeed RP, with its 50.3 per cent stake in IM, see it as an important complement to its own efforts in blotechroi-ogy, and views the Connaught deal as an indirect boost to its attempts to beef up its North American presence.

espite the anxieties in Canada, both compa-Connaught will be incorpo-rated in the Netherlands but is likely to be publicly quoted in the US and Canada. The remaining part of Con-naught, Bio-Research Laborato-dee will be sturn off to charanies are of one mind on the benefits which the deal will bring. Merieux Connaught, with 1983 pro-forms sales of FF72.42bn, will have 25-30 per cent of the world human vac-cine market ontside Japan. ries, will be spin off to share-holders, while IM will be left with its animal health business and 80 per cent of the revenues from its promising Imuthiol Geographically, the companies fit together almost perfectly, with Connanght's strength in North America - it has 19 per cent of the US vaccines market anti-AIDS treatment. This structure partly reflects tax factors, but is also an attempt to find a more equita-- matching that of IM's in Europe and elsewhere.

The aim is to achieve marketing synergies by using the companies' existing networks to sell IM products in North America and Connaught products in western Europe. Mr Martin says that in the short term IM needs a sales organisa-tion in the US market, for which it is developing five vaccines. It bopes to get two licensed this year, a polio vac-cine and its Trimovax measles/ mumps/rubella vaccine. On research and develop-

ment, the two companies are currently duplicating efforts on vaccines for diseases such as hepatitis and whooping cough and the hope is that the over-lap can be eliminated, freeing more funds for innovative research program Some details of the deal

remain hazy, and both compa-nies agree that the financial benefits will take two or three years to emerge

However, with the buman vaccine market growing at an estimated 10 per cent a year, IM and Connaught hope the deal will provide a shot in the arm for profits in future years. James Capel estimates the new company will have net profits of FFr340m this year, up from a pro-forma FFr300m in 1968 efore any added extraordinary

produced a mixed response for the deal in Canada. While the That might go a little way to economic case is generally regarded as compelling, the prospect of one of the country's justifying the fancy price carn-ings ratios for both companies, particularly IM. Despite the Canadian company's better recent profit record - net few pharmaceuticals successes failing under foreign control earnings after extraordinary The University of Toronto items rose nearly 20 per cent in 1988 to C\$30.6m on revenues of for one is considering whether to challenge the deal. The 1972 C\$224.3m - its rating is around half that of IM's p/e of about 37. That, in turn, owes a great deal to market enthusiasm over prospects for Imnthiol, which has contributed about FFr2,000 of speculative froth to IM's share price of around FFr6,200, according to Mr Martin. IM is cartiously optimistic about Imuthiol, which works on a different principle to Wellcome's Retrovir by boosting the body's general immune system.



Results for the year and final dividend

(subject to final audit)

282

410

110

Income statement			Balance sheet
(R million)	Year ended 31.3.89	Year ended 31.3.88	(R million)
Dividends from - ilsted associated company - unlisted investments Interest earned less administration expenses	196.4 98.0 (0.9)	108.0 53.9 (1.1)	Shareholders' equity Share capitai Non-distributable reserv Retained earnings
Net income before taxation Taxation	293.5 0.8	160.8 0.5	Investment in associated
Net income after taxation Preference dividends	292.7 0.3	160.3 0.3	Other investments - unlis
Attributable earnings Share of retained earnings of associate company	292.4 d 569.0	160.0 280.1	Debtors and cash Dividend payable and ot
Equity accounted earnings Share of associated company's extraordinary item	861.4 75.0	440.1 2.3	Net current assets
Ordinary dividends	936.4 290.0	442.4 160.0	The market and director investments are: Listed associated compa
Transfer to non-distributable reserve	646.4 644.0	282.4 282.4	 market value Unlisted - directors' value
Retained earnings	2.4	-	Number of ordinary sha
Earnings per ordinary share - cents Attributable earnings Equity accounted earnings Dividends per ordinary share - cents	2 924 8 614	1 600 4 401	(mlillons) Net asset value per shar (after providing for divid market value of the lister
- Interim - Final	530 2 370	320 1 280	directors' valuation of un at March 31 1989)
O a manual and			Dividend

Comment

- 1. The company's major asset is its 25.8 per cent investment in De Beers Consolidated Mioes Limited, and the following information was included in that company's provisional results for the year ended December 31 1988 which were published on March 8 1989: ended 31.12.88 ended 31,12,87 Earnings per equity share
- before extraordinary items cents 550 Attributable earnings Equity accounted earnings 780 200 Dividends per equity share - cents

Sales of diamonds by the Central Selling Organisation in 1988 were US\$4 172 million (R9 476 millioo) compared with US\$3 075 million (R6 300 million) in the previous year. Diamond prices were increased by 15.5 per cent with effect from the March 1989 sight.

The annual report will be posted on or about May 8 1989.

L Rate of Interest: 10 1/8% L Interest Amount per US\$500,000 Note: US\$12,798.88

The Interest Payment Dete will be: 17th July 1989

Relarance Agent Bank of America International Limited

31.3.89 31.3.88 Iders' equity 10.0 10.0 Dital 2 003.0 1 359.0 ributable reserve 82.4 earnings 80.0 2 095.4 1 449.0 ent in associated company 2 079.4 1 435.4 vestments - unlisted 11.6 11.6 2 091.0 1 447.0 243.0 130.6 and cash 238.6 payable and other creditors 128.6 2.0 ent assets 4.4 2 095.4 1 449.0 ket and directors' values of ents are: sociated company 6 009.8 3 044.2 value directors' valuation 522.9 352.8 6 532.7 3 397.0 of ordinary shares in issue 10 10 t value per share - cents oviding for dividend and based on the alue of the listed investment and the valuation of unlisted investments 65 321 33 940 31 1989) Dividend

On Thursday, April 13 1989, the directors of the company declared final dividend No.98, as follows: Amount (South African currency) 2 370 cents per share Last day to register for dividend (and for changes of address or dividend Instructions) Friday, May 5 Saturday, May 6 Saturday, May 20 **Registers closed from** to (inclusive) Ex-dividend on Johannesburg and London stock exchanges Monday, May 8 Currency conversion date for sterling payments to shareholders paid from London Monday, May 8 **Dividend warrants posted** Thursday, June 8 Friday, June 9 Payment date of dividend Rate of non-resident shareholders' tax 14.9989 per cent The full conditions relating to the dividend may be inspected at the Johannesburg and Londoo offices of the company and its transfer secretaries. By order of the board

Φ 29

Until recently there was a clear separation between the vaccines industry with its bio-logical approach to research and production, and the mainline pharmaceutical industry with its relentless screening of thousands of chemical compounds. "The business of cultivating

living organisms is very differ-ent to what the pharmaceutical industry was doing," says Mr Jacques Martin, the general manager at IM wbo negotlated

agreement under which the eventually emerged is as complex as the indus-try it covers, and might well have taxed the brains of those 19th century pioneers. The bulk of IM's human

C\$700m - was inadequate. Sec-

ond, all shareholders were not treated equally. And third,

there was "a complete absence of gameplan as to how the companies would co-operate."

After the collapse of this

approach, Connaught began

talking to other potential part-

ners and, according to IM's

information, preparing "poi-son-pill" anti-takeover.

.

defences.

agreement under which the university sold Connaught to Canada Development Corpora-tion contains commitments preventing CDC from selling control to a foreign-owned company. But the university, which still maintains strong research and development ties with Connaught, said its con-cerns were "larger than just the agreement." A further twist is the ownerhealth activities will be injected into a new entity, IM Human Health, which will merge with two of Connaught's three business activities: the 100 per cent-owned Connaught Laboratories, which derives some 70 per cent of its reve-nues from manufacturing vac-

Head office: London office: 44 Main Street **40 Holborn Viaduct** Johannesburg 2001 London EC1P LAJ

a corporation of South Afr Anglo Amer Secretaries per T S Johnson, Divisional Secretary ගගළ April 14 1989

All of these Bonds having been placed, this mounement appears as a matter of record only



CANON INC. Advise has been received from Tokyo flast the Board of Detectors has declared a synowed of DWDRND of Yen 6.25 per share for the six months period and/of 31# December 1988. Holden of EUROPENDEPOSITARY BECORTS TO BEARER Share EDINg withing to chain this dividend in respect of the shores represented by the shore EDIN's shores for the Second software The Second Hull, SAMARE, HANK LITD. 45, BECOLSTREET, LONDON EEDP 21X, where listing forms are softbolk, or SANQUE NTEENATIONALE A LUISEMBOURG, 2, SOLESVARD ROYAL, LUISEMBOURG, 2, SOLESVARD ROYAL, LUISEMBOURG, 2, SOLESVARD ROYAL, LUISEMBOURG, 2, SOLESVARD ROYAL, LUISEMBOURG, 2, BOLES and BEARER DEPOSITARY BECORTS respect of the shores represented by their hiss officion BOR's widthey occlam the divides of the negative of the shores represented by their hisse officion of HEL SAMUEL BANK LITD., 45, BEEON STREET, LONDON EEDING 2X when listing forms are negative OX R: The Paji Bank Limbed, Algement Nederla 32, Vijze Amsterdam, Ceibaak N.A., 111, Wall Sire New York, N.Y. 10015 Kredistburk S.A., Lauenbaurgeaise, 43, Bostevard Ray Lauenbourg, intit C. Dollars at the n Arab Rep Egypt Australic Belgrum Contoke Denmark Fronce Inviced Indy Korea To obtain Withbolt

Per BOR's held, and the 5% Tax Reflet

nder deduction ed rate of 12% fact that the above

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and the second second

Hill Surgers Hank Ltd. 45, Baach Strant, London EC2P 212.

Ansett Airlines suspends threat to shut NZ arm

By Dai Hayward in Weilington

To the holders of

Banco Latinoemericano

De Exportaciones, S.A. (Latin American Export Bank) U.S. \$30,000,000

Floating Rate Notes due June 1991

Pursuant to section 5(d) of the Flace

Pursuant to section 5(d) of the Flacat Agency Agreement between Banco Latinoamericano De Exportaciones, S.A. (the "issuer") and The Chases Manhettam Bank, N.A. (the "Flacal Agent") deted as of June 10, 1966, the Issuer will, at the option of the holder of any Note, purchase on June 12, 1969, such Note at ha principal amount provided that, in the case of Bearer Notes, all un-matured coupone relating thereto are attached thersto of surrendered therewith. To exercise such option the holder must deposit such note at the office of any Paying Agent located ourside of the United States, not isse then 45 nor more than 60 days prior to such intenset Payment Data. Any Note, if so deposited, may not be withdrawn without the prior consent of the Issuer.

By: Banco Latinoamericano

April 14, 1969

AL S.A.

(the "Notes")

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ANSETT AIRLINES, the privately-owned Australian carrier, has suspended a threat to shut its New Zealand operations in protest at the Wellington Government's sale of Air New Zealand to a con-The delay will enable Ansett to study the report, which is due for release in around a fortnight. Sir Peter said he now hoped they could solve Ansett's complaint, which was that it faced substantial loss of hyginese from those Cantact sortium led by Qantas, Austra-lia's state-owned airline. business from those Qantas' international passengers for-merly fed on to Ansett's New Zealand domestic route. Meanwhile, a one-day pilots'

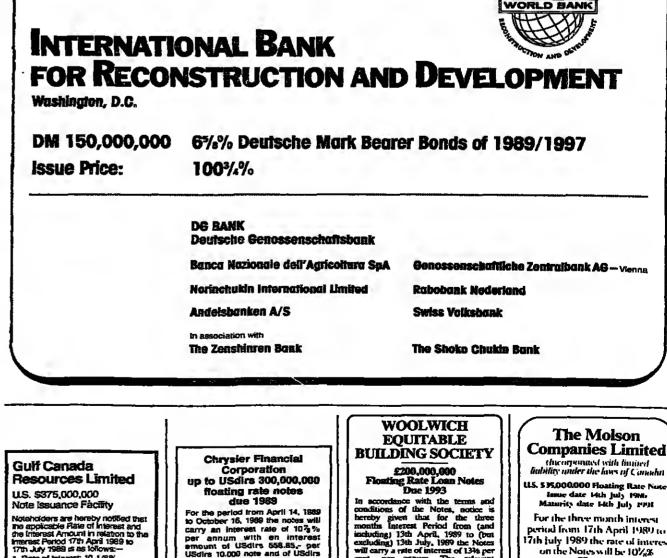
lia's state-owned airline. Sir Peter Abeles, Ansett chairman, announced this yee-terday after talks with Mr David Lange, the Prime Minis-ter. Mr Lange will ask the con-sortium to delay signing the purchase agreement for a week once the Commerce Commis-sion, New Zealand's antitrust regulator, has released its report clearing the way for the strike will go ahead today, but with some doubt whether Ansett pilots will participate. The strike is over the resis-tance of airlines to the pilots efforts to obtain a single indus-try agreement instead of the existing separate agreements report clearing the way for the sale. covering each airline.

troubled MPH HUME INDUSTRIES, a Malay-HOME INDUSTRIES, a Malay-sian concrete and steelmaker, has launched a general offer for Multi-Purpose Holdings (MPH). This company is con-trolled by the Malaysian Chi-nese Association, the second largest party in the country's ruling coalition, Reuter reports from Kuala Lampur. MPH is recovering from mas-

Malaysian steel

maker bids for

sive losses made in 1966 due to fraud and mismanagemeot. The deal values the company at L13bn ringgit (US\$412m). Hume will pay 500 ringgit in cash and 1,000 ringgit in redeemable convertible loan stock for every 1,000 shares of MPH, financed partly by a three-for-two rights issue by HIIME



Notice is hereby given that the HIBOR applicable to the subject notes for the period from April 10, 1989 to July 10, 1989 has been fixed at 11/4% p.a. The interest payment date will be on July 10, 1989.

Mass Transit Railway Corporation

Ordinance of Hong Kong)

HK\$3,000,000,000

Medium Term Note Programme

HK\$ Floating Rate Notes

Issue Date : January 9, 1989

Maturity Date : April 9, 1990

Interest payable at three monthly intervals

Morgan Guaranty Trust Company of New York Hong Kong as HK Reference Agent

For the period from April 14, 1589 to October 16, 1969 the notes will carry an interest rate of 10.2 % per annum with en interest emount of USdirs 558.85, per USdira 10.000 note and of USdirs 5,588.54,- per Usdire 100.000 The relevant interest payment date will be October 16, 1986. Banque Paribas

(Luxembourg) s.a. Agent Senk

Due 1993 In accordance with the terms and conditions of the Notes, notice is hereby given that for the three months Interest Period from (and including) 13th April, 1999 to (but excluding) 13th July, 1999 the Notes will carry a rate of interest of 134a per cent, per anoun. The relevant interest Payment Date will be 13th July, 1999. The Coupon Amount per f10,000 will be £3,334.59, payable against surrender of Coupon No: 4 Hambers Back I insisted

on the relevant interest payment date will be U.S. \$12,705,88 per U.S. \$500,000 note. Agent Bank Morgan Grenfell & Co. Limited

per annum. The interest payable

Reference Agen

1997 - Elize L

U.S. \$100,000,000

B.B.L. International N.V.

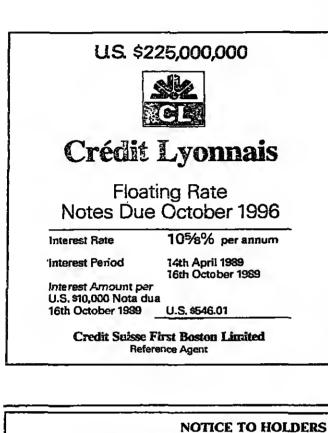
Floating Rate Notes Due 1999 Guaranteed on a Subordinated Basis as to payment of principal and interest by



Banque Bruxelles Lambert S.A. Bank Brussel Lambert N.V.

Interest Rate Interest Period 14th April 1989 16th October 1989 Interest Amount per U.S. \$5,000 Note due 16th October 1989 U.S. \$271.40

Credit Suisse First Boston Limited Agent Bank



INTERNATIONAL COMPANIES AND FINANCE

Overseas surge lifts Coca-Cola Chemical **Bank** net

By James Buchan in New York

COCA-COLA, the world's largest maker of soft drinks, reported a surge in profits for the first quarter of this year as it reaped the benefits of beavy investment in its overseas business.

The 26 per cent rise in first quarter earnings per share out-strips Coke's average annual growth for the last three years of 18 per cent and seems to justify Wall Street's recent enthusiasm for the company. Mr Robert Golzueta, chairman of the Atlanta company, said:

By Louise Kehoe in San Francisco

INTEL, the US semicondoctor manufacturer, reported signifi-cantly higher than expected earnings for the first quarter, reflecting some strengthening in the US semiconductor market.

First quarter revenues totalled \$713m, up from \$536m a year ago. Net income for the

quarter, ended April 1, was \$97m, np slightly from \$94m in

the same period last year. Earnings per share declined to 52 cents from 54 cents last

year as a result of an increased

By Karen Zagor in Naw York

GANNETT, the hig US media group which publishes USA Today, yesterday reported a marginal increase in first-quar-

ter earnings. Net income for the quarter

ended March 26 was \$74.9m or

47 cents a share compared with \$74,0m or 46 cents a share the

Operating revenues increased 8 per cent to \$317.6m from \$757.9m, while operating income for the period jumped 24 per cent to \$145m from

The results for the 1988 quar-

ter included a pre-tax gain of about \$45m resultiog from

Gannett's sale of its stock in Cowles Media for \$128m. Mr John Curley, chairman, president and chief executive.

said: "Operating income posted its strongest advance since the

fourth quarter of 1984. reflecting a stronger retail

advertising environment and

previous year.

\$117m a year earlier.

market.

"The strength and momentum of our soft drink business is demonstrated by our excellent first quarter results." Coke said yesterday that its

after-tax income in the three months to March rose 23.4 per cent from a year earlier to \$259.8m on a 6.2 per cent increase in sales to \$1.980n. Earnings per share rose 26.3 per cent to 72 cents, in part because the company bought 5m shares from its investors.

Intel income brightens in first quarter

A big factor in the improvement was an increase of 8 per

number of shares ootstanding. Analysts had forecast earnings

per share of around 35 cents for the quarter.

for the quarter. In January Intel had said it expected first quarter net income to decline. But yester-day the company said that strong sales in March, along with cost savings and good production performance, had improved its earnings. "The outlook brightened as the quarter progressed," said Mr Andrew Grove, president and chief executive officer.

favourable supply conditions

for newsprint." Gannett, which publishes 85

daily newspapers, said newspa-per advertising sales rose 7 per cent in the quarter, while cir-

culation revenues rose 4 per

Newspaper advertising lin-eage rose 2 per cent. The Washington DC-hased company said that advertising

revenues at USA Today

advanced 6 per cent during the quarter because of advertising

rate adjustments and a higher

tising pages fell to 896 from 977, but the 1988 period had been bolstered by special advertising sections for the 1988 Winter Olympics.

On the broadcasting side, revenues rose 10 per cent. Rev-

enues from the company's radio stations advanced 14 per

The actual number of adver-

cent in volume overseas, where Coke has been investing heavily in its bottling and distribution network. In the US, where per capita soft drink consumption is much higher, retail case sales increased a more sedate 5 per cent.

According to Mr Golzueta:

"The company's sharp focus on expanding our soft drink infrastructure resulted in a worldwide retail case sales gain of 7 per cent."

In its foods business, Coke reported big gains in volume in charges to profits.

pushes Clal the highly competitive market for orange juice. Volume in chilled orange juice increased 31 per cent and in frozen orange juice 9 per cent. The results also reflected a into red By Hugh Carnegy sharp improvement in contri-butions from Columbia Pic-tures Entertainment, tha Holly-wood film studio of which In Jerusalem Coke owns nearly half. Equity income was \$1.93m against a \$50.3m loss in the first quarter of 1988 when Columbia Pic-tures booked non-recurring

THE CLAL Group, Israel's biggest privately-owned indus-trial-group, yesterday announced its first full year loss, reporting # ShI 34.5m (\$21.5m) loss for 1988 after a ShI 34m profit in 1987.

Government

forex freeze

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The group, whose range of interests include electronics, textiles, construction and insurance, blamed a 24-month government freeze nn the sovernment freeze in the shekel foreign exchange rate for most of the damage to its export-reliant businesses. The shekel was finally devalued by 12 per cent in two atages in December and January. "If devaluation had taken

place a year earlier as eco-nomic conditions demanded, then group sales and income would have been larger than the group would have ended 1988 with a substantial profit," said

Mr Abaron Dovrat, group pres-ldent. Total group sales for 1988 were \$2.5bn, up from \$2.2bn in 1987 with exports up 13 per cent in real terms at \$500m.

Mr Dovrat also acknowl-edged that a general slowdown in domestic demand had had its effect, as had the Palestinian uprising in the Israeli-occu-pled West Bank and Gaza Strip which especially hit sales of textiles and clothing in the ter-

ritories. The main loss-makers in the group ware Urdan, a stael maker which incurred heavy one-off losses as a result of restructuring, the textile interests Kitan and the newly acquired Polgat, and the con-struction interests. Good per-formances came from ECI Telecom and Scitex, a top image reproduction system maker in which Mr Robert Maxwell acquired a 22 per cent holding

for \$39m last year. Mr Dovrat predicted a return to profitability this year.

microprocessors, one aimed at the market for high perfor-mance workstations and mini-computers, and the other at the personal computer market. Intel's new chips should pro-tect its leadership position in the microprocessor market, industry analysts predict. Although neither of the new products is expected to ship in large quantities this year, the company's ability to extend the performance of its micropro-cessors is a major competitive

ever, that short-term orders accounted for a higher than normal portion of its first-quar-ter business. Coupled with a low backlog of orders, this means that the company's abil-ity to predict future sales is limited. In recent weeks Intel has announced several important new products including two advantage.

Both equipment manufactur-ers and distributors increased their orders compared to

fourth quarter levels." Mr Grove cautioned, how-ever, that short-term orders

By George Graham in Paris HAVAS, the French advertising and media group privatised two years ago, has reported a 35 per cent increase in net profits to FF746m (\$117m), up from Its earlier pro-

twice The group said it had recorded strong gains in all its activities, with turnover up 15

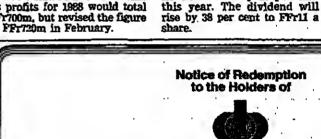
Its profits for 1988 would total FFr700m, but revised the figure to FFr720m in February.

visional estimates which had already been revised upwards

per cent to FFr15.8bn and pretax operating profits up 51 per cent to FFr1.15bn. It had said in December that

Havas beats its forecasts

Canal Plus, the pay televi-sion station in which Havas has a 24 per cent stake, reported a 52 per cent increase in profits to FFr619m; and Eurocom, Havas's 43 per centowned advertising and market-ing subsidiary, announced a 55 ing subsidiary, announced a 55 per cent increase in net profits to FFr144.1m earlier this week. Havas said yesterday that the budgeting plans of its sub-sidiaries and performance observed so far this year suggested that operating prof-its would rise by 15 per cent this year. The dividend will rise by 38 per cent to FFr11 a



Consolidated-Bathurst Inc.

9% Series F Debentures due 1992 *

NOTICE IS HEREBY GIVEN that pursuant to the provisions of the 9% Series F Debentures

due 1992 (hereinafter called the "Series F Debentures") and of the Memorandum of

By Hilary Barnes in Copenhagen

THE A.P. Moller shipping and some quarters is exaggerated and that developments this

A P Moller boosts payout

cent.

Gannett rises marginally

cent.

rate base.

30

10%16% per annum

slides to

\$117.9m

By Anatole Kaletsky

CHEMICAL BANKING

yesterday became the second big US bank group to report a

decline in first quarter profits. Chemical, which ranks sixth

in terms of assets among the US banks, made net profits of

\$117.9m or \$1.49 a share, com-pared with \$125.5m or \$1.95 in the first quarter of 1988.

J.P. Morgan, the fourth big-gest US bank, reported a 36 per cept fail in earnings on

In Chemical's case the

decline in total profits was only six per cent, hat earnings

per share fell by 25 per cent, due to the issue of 7m shares last December as part of the

company's halance sheet strengthening efforts.

Chemical's net interest income rose by \$18.1m, or three per cent, to \$597.8m, but

this improvement was largely due to last year's exclusion of

interest payments from Brazil. Brazilian interest payments in

the latest quarter were

Chemical's results this year

were also improved by some-what lower provisions for loan

losses. Provisions in the latest qnarter were \$80.7m, cnm-pared with \$105.6m the year before.

The company's non-interest income fell by 4 per cent to \$330.8m, with lower foreign

exchange, investment security and other trading profits more

than offsetting a 16 per cent advance in fees and commis-

Non-interest expenses rose by 8 per cent to \$642.2m, mainly because of higher sal-

ary and occupancy costs con-nected with Chemical's acqui-sition of Horizon Eancorp of

Expenses at the group's principal subsidiary. Chemical Bank in New York, fell by 2.8

New Jersey.

per cent.

in New York

Wednesday,

\$17.6m.

THE NOMURA SECURITIES CO., LTD. (the "1988/1993-Warrants")

Bearer Warrants to subscribe up to ¥31,180,000,000

for Shares of Common Stock

THE NOMURA SECURITIES CO., LTD.

(the "1986/1991-Warrants")

and Bearer Warrants to subscribe up to ¥25,600,000,000

for Shares of Common Stock

of

Notice is hereby given concerning the adjustments of the subscription prices of the 1986/1991-Warrants and the 1988/1993-Warrants.

I. First adjustment due to issuance of Coavertible Bonds and Notes

As a result of the issuance of SFr.250.000.000 Convertible Bonds duc 31st March, 1994 of The Nomura Securities Co., Ltd. (the "Company") and SFr.250,000,000 Convertible Noles due 31st March, 1994 of the Company, both issued on 31st March, 1989, the respective subscription prices of the 1986/1991-Warrants and the 1988/1993-Warrants were adjusted pursuant to Condition 7 of the Terms and Conditions of the 1986/1991-Warrants and to Clause 3 (v) of the Instrument (the "1986 Instrument") relating to the 1986/1991-Warrants dated 30th September, 1986 and pursuant to Condition 7 of the Terms and Cooditions of the 1988/1993-Warrants end to Clause 3 (v) of the Instrument (the "1988 Instrument") relating to the 1988/1993-Warrants dated 31st March, 1988, respectively, as follows:

1986/1991-Warrants

- 1. Subscription Price before such adjustment: ¥3,364.10 per Share of Common Stock.
- Subscription Price after such adjustment: ¥3,362.30 per Share of Common Stock.
 Effective Date: 31st March, 1989 (Japan time).

1988/1993-Warrants

- Subscription Price before such adjustment: ¥4.200.00 per Share of Common Stock. Subscription Price alter such adjustment: ¥4.197.70 per Share of Common Stock. Effective Date: 31st March, 1989 (Japan time).
- 3.

II. Second adjustment due to issuance of new Shares

As a result of the issuance of the 40,000,000 Shares of Common Stock of the Company in the Japanese market on 1st April, 1989, the respective subscription prices of the 1986/1991-Warrants and the 1988 1993-Warrants were further adjusted pursuant to Condition 7 of the Terms and Conditions of the 1986/1991-Warrants and to Clause 3 (vi) of the 1986 Instrument and pursuant to Condition 7 of the Terms and Conditions of the 1988/1993-Warrants aod to Clause 3 (vi) of the 1988 Instrument, respectively, as follows:

1986/1991-Warrants

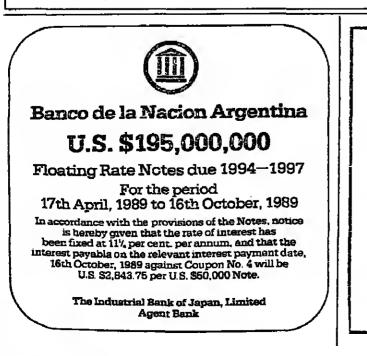
- Subscription Price before such adjustment: ¥3,362.30 per Share of Common Stock.
 Subscription Price alter such adjustment: ¥3,351.10 per Share of Common Stock.
 Effective Date: 1st April, 1989 (Japan time).

1988/1993-Warrants

- Subscription Price before such adjustment: ¥4,197.70 per Share of Common Stock. Subscription Price after such adjustment: ¥4,183.70 per Share of Common Stock. 3.
- Effective Date: 1st April, 1989 (Japan time).

The Nomura Securities Co., Ltd.

By: The Toyo Trust and Banking Company. Limited as Principal Paying Agent Dated: 14th April, 1989



reported a 19 per cent increase in 1988 net profits to DKr1.02hn (\$139m) from DKr355m a year earlier. Profits of DKr620m were realised on sales of secu-rities and ships. The dividend in the twin par-

ent companies, D/S af 1912 and D/S Svendborg, will be increased to 33 per cent from

30 per cent. The Moller companies include the shipping partner-ship, best known under the Maersk name, oil and gas pro-duction from the North Sea, shipbuilding, air transport, manufacturing and retailing. Moller said that expansion would continue in 1989 but that the considerable optimism about shipping expressed in

with global container capacity exceeding demand. The companies - which are not consolidated into a group report no turnover figures, but gross operating profits increased from DKr2.74bn to DKr2.99bn and earnings after depreciation from DKr1.08bn to DKr1.33bn. Monberg & Thorsen, the construction, pharmaceuticals, paints and rubber products

and that developments this year are difficult to predict. Conditions in shipping were better last year, said Moller, but not generally satisfactory. Date.

71 Queen Victoria Street, London EC4V 4DE Jurgen-Ponto-Platz 1 D-6000 Frankfurt/Main 7

Arenbergstraat 7 B-1000 Brussels Belgium

April 14, 1989

Paying Agents

Compagnie Luxembourgeolse de la Dresdner Bank AG -Dresdner Bank International --26, rue du Marche-aux-Herbes 2013 Luxembourg Union Bank of Switzerland

Bahnhofstrasse 45 8021 Zurich Switzerland

S. G. Warburg & Co. Ltd. 1 Finsbury Avenue London EC2M 2PA England

٩. Consolidated-Bathurst Inc. C.G. Frase Treasurer

NOTICE TO THE HOLDERS OF AUSTRALIAN TELECOMMUNICATIONS

COMMISSION A\$60,000,000 13% Bonds due 1992

Yen 10,000,000,000 5% Guaranteed Bonds due 1998 A\$ 200,000,000 121/2% Guaranteed Exchangeable

Notes due 1992

By section 6 of the Telecommunications Amendment Act 1988 of the Commonwealth of Australia the name of the Australian Telecommunications Commission was changed to:

AUSTRALIAN TELECOMMUNICATIONS CORPORATION

With effect on and from 1st January, 1989.

The Bonds and Notes have not been overstamped nor exchanged for new Bonds or Nnres. The Bonds and Nores will continue to be listed on the Luxembourg Stock Exchange under the former name followed by the new one.

Banque Générale dn Luxembourg S.A. Listing Agenr

US \$100,000,000 OSTERREICHISCHE LÄNDERBANK Floating Rate Subordinated Notes Due 1999 109/16% per ennum. Interest Rate Interest Period 14th April 1989 16th October 1989 Interest Amount per U.S. \$5,000 Note due 16th October 1989 U.S. \$271.40 Credit Suisse First Boston Limited Agent Bank

Dresdner Bank AG West Germany Kredietbank N.V.

Agreement bearing formal date of May 29, 1986 between Consolidated-Bathurst Inc." (formerly named Consolidated-Bathurst Limited and hereinafter called the "Company") and Montreal Trust Company, the Company intends to redeem and will redeem on May 15, 1989 (hereinafter called the "Redemption Date") all the Series F Debentures which shall be outstanding on the Redemption Date at a redemption price equal to 101.00% of their principal amount together with accrued and unpaid interest on said principal amount to the Redemption

Holders are accordingly required to sumender their Series F Debentures, together with Coupons maturing on or after October 1, 1989 attached, for payment of the redemption price and accrued and unpaid interest to the Redemption Date at the offices of any of the paying agents listed below, failing which the face value of any missing, unmatured Coupon will be deducted from the principal amount due for payment. Any amount of principal so deducted will be paid in the manner described above against sumender of the relative missing Coupon.

NOTICE IS HEREBY FURTHER GIVEN that, if any of the Series F Debentures be not presented for redemption on the Redemption Date, no interest thereon shall accrue from and after such date.

Principal Paying Agent

Orion Royal Bank Limited

England

group, reported an increase in pre-tax profits to DKr130m from DKr104m the previous year. Turnover rosa to DKr4.36bn from DKr4.35bn. Nintendo moves

Ravtheon starts ahead 15.2% RAYTHEON, a leading US By Our Financial Staff manufacturer of air defence missile and radar systems and other military electronics prod-NINTENDO, the Japanese maker of video games which is engaged in an antitrust battle with US rivals, lifted pre-tax profits 15.2 per cent to Y13.5bn (\$101.5m) in its first half to February. Sales rose 47.1 per ceot to Y118.1bn.

ucts, has begun the year on a relatively firm note, writes Our Financial Staff. Earnings for the first quarter increased by 6.6 per cent to \$120.8m or \$1.83 a share from \$113.3m or \$1.68 for the correspooding period last year. Sales improved to \$2.07bn from

\$1.95bn last time. Earnings per share for the whole of 1388 amounted to a record \$7.35, achieved on peak sales of \$8.19bn.

on firm note

The directors said that provi-sions for federal and foreign income taxes in the latest quarter totalled \$53.3m, as against \$49.6m in the first quarter of 1968.

F@KUS Bank A/S

U.S. \$30,000,000

Floating Rate Subordinated Notes due 1997.

Holders of Floating Rate Subordinated Notes of the

above issue are hereby notified that for the Interest

Period from 17th April, 1989 to 17th July, 1989 the

10%% per annum

per US \$10,000 Nominal

US \$262.26

17th July, 1989

Bank of America International Limited

following information is relevant:

2. Coupon Amount payable on Interest

1. Applicable

Date:

Agent Bank

interest rate:

Payment Date:

3. Interest Payment

The results were for the Kyoto-based parent company - the considerably larger con-solidated group includes Nin-tendo America, which in December became involved in lawsuits with Atari Games. Nintendo's net earnings per share rose from Y192.80 to Y153.02. It is paying an interim divideod of Y25, up from Y24.

INTERNATIONAL CAPITAL MARKETS

Korean banks face probe into currency activities

By Maggie Ford in Secul

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A TEAM of investigators from the South Korean central bank has been despatched to a small provincial bank following reve-lations that it has incurred for-eign exchaoge losses of Won30bn (\$45m). The losses at Kwangju Bank, based in the south west, appear to have wiped out more than half the bank's net worth of Won50bn. The case is the first reported significant loss in

reported significant loss in South Korea from "zaitech," or

financial engineering. Officials from the Office of Bank Supervision are to launch an urgent survey of all banks, especially the smaller provincial ones, to check their exposure to the foreign exchange market. Banks and industrial compa-

nies have been dealing on for-eign exchange markets in South Korea for about three years, initially to hedge against currency movements related to trade but increasingly to make profits.

South Korea imports a substantial amount of parts, machinery and other goods from Japan in yen and con-ducts most of its export busi-ness in dollars. Kwangju Bank appears to have miscalculated movements in these two cur-rencies over the past six

Dealers in Seoul said yesterthe bank, which is located in a

day that the bank's main dealer had boasted he was the largest volume dealer in Scoul politically sensitive city. More than 200 people were killed by the military in Kwangto during and acted "like a poker player" who was too proud to admit a 1980 revolt against the regime of Mr Chun Doo Hwan, his losses.

the former president. The revelations of losses It is losses. They pointed out, however, that senior management of a small provincial bank was unlikely to have the expertise or professionalism to under-stand the mechanisms or extent of the dealine or the come at a time when the South Korean banking sector is looking forward to a more pro-fessional and profitable future extent of the dealing, or the possible losses involved. Due to strict financial con-

fessional and profitable future after years of acting as lenders controlled by the Govarnment. All the banks have raised their capital on the burgeoning stock market in the past year and are gradually making pro-visions for bad debts incurred over the years. Combined net profits of the seven main com-mercial banks were up 81 per cent last year at Won475bn. Kwangio Bank recorded net trols in South Korea, banks and companies involved in for-eign exchange dealings operate through branches of foreign banks. A senior executive of a British bank said yesterday that the branch had effectively

stopped condocting business with Kwangin Bank last year following concern over the Kwangjo Bank recorded net profits of \$5.6m last year on revenue of \$19.3m, compared following concern over the high volume of deals and the expertise of the dealer. One dealer estimated that the bank might have had as much as \$500m exposure at one stage and that the chief dealer had been trying initially to cover fairly small losses by with a 1987 profit of \$1.8m on revenue of \$5.8m.

The Bank of Kores, the central bank, already imposes lim-its on foreign exchange trans-actions and is likely to introduce rules to protect Kwa-ngju Bank's shareholders.

ngu Hank's shareholders. It is unclear whether tha bank's reported losses will affect any foreign banks, although several US and Euro-pean banks are reported to have engaged in transactions on its behalf. rolling over transactions, even-tually getting into an even Observers believe the Gov-ernment is likely to mount some sort of rescue plan for

By Haig Simonian in Frankfurt

Politician

to head

German

Citibank

ME Güotsr Rerrodt, West Berlin's former Finance Minis-ter, is to become chief execu-tive of Citibank's West Ger-

here of Chibank's West Ger-man sobsidiary from the begining of next year. Mr Rexrodt, who was ousted from power after Janoary's elections in the city state, is to join the bank next month. He will work at its New York become the four interim headquarters before joining its German operations in Frank-

furt. According to the bank, Mr Rexrodt's appointment is part of a strategy to improve its position in Germany, particu-larly in relation to big custom-

Mr Rexrodt, who is on the right wing of the Free Demo-cratic Party, took over the Berlin Finance Minister's post in March 1985. Since then he has tried, with some success, to develop the city's position in financial services, encouraging the creation of a venture capital business and fighting hard with the Bonn Government to retain its special tax

privileges. Mr Rexrodt, who cams to ar international attention last September during the joint meetings of the IMF and World Bank in West Berlin, studied banking and finance and is on the supervisory boards of a number of institu-tions.

Goodman credit rating downgraded

worse position.

By Chris Sherwell in Sydney

GOODMAN Fielder Wattie, Anstralasia's largest food group, has had its credit rating downgraded, partly because of the burden of its 29.9 per cent holding in Ranks Hovis McDougall of the UK.

Australian Ratings, the Mel-bourne-based agency, lowered the groop's rating from A minus to BBB, and its commercial paper from A1 to A2. But the company insisted that the move had no impact

on its ability to fund its activi-Fielder Wattie's control." It points out that the group'a Ranks holding, together with its 19 per cent stake in Elders IXL held jointly with the AFP ties, and pointed out it was based on information long available to the market. According to Anstralian Rat-ings, Goodman Fielder Wattie'a group, represents an exposure to share markets equivalent to about 65 per cent of sharehold-ers' funds and 25 per cent of earnings from its core businesses have shown slippage, in spite of its strong market posi-tion in a stable industry. Comtangible assets. pounding this are "sensitivities regarding capital adequacy and liquidity due to sizeable equity positions not under Goodman

Goodman Fielder Wattie's investment in Ranks stems from last year's aborted £1.7hm (\$2.8bn) takeover bid.

FT INTERNATIONAL BOND SERVICE

	Listed are the latest international boods for which there is an a		stocks. The Options Clearing Corporation has been desig-			
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•	E.1.8, 63, 93	alifax BS 94 £	BCP reported a 1988 operat- ing profit of Es6.7bn and is	The full text of the restand As proposed changes, is available for ins	rticles of Incorporation, showing the pection at the registered office of the	The investor who knows there is a
· ·	Etrofina 6's 96	eeds Perm. B/S. 94 £	anticipating profits of Es9bn this year.	Company and can be obtained on re Kredienust, 11, me Aldringen, L-1118	Luxembourg, fax: (352) 470623.	difference between value and price. Judge
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- 24 ² - 5. 6-1 ⁷⁵	N.H.L. Finance 6 ¹ / ₈ 95	CAN. Cave Char CHESE Cave Char And price Bid Offer day Press Read 64, 02 US 877 62, 1114, 11257	operations.	a majority of two thirds of the shares p	resent or represented.	and National House Prices. And benefit
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	Average price change Gu day -012 on week -114 Co	compos, south the ter us to the start antes otherwise techerated. one of the Contest of the start antest otherwise techerated.	to 10-year bonds. • Dealers are to hold talks on	Notes will beer interest at the rate of 10%% per annum. The interest payable on 17th Occuber, 1999 against coupon No. 74 will be	The Advertisement Classified Fax Number is :	London SW1H 0DB or ring the Bookline on
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			concerns among foreign firms that the market is not operat-			
		part le any form net permitted without written consent. EAAS (sternational.	ing transparently enough.		L	

SEC approves Amex equity index trading

> American Stock THE Exchange has received approval from the Securities and Exchange Commission to trade equity index participa-tions. It plans to begin trading as soon as possible, Renter reports.

Amer said it would list the index participations on the Standard & Poor's 500 composite stock price index and the exchange's own major market index of 20 leading blue-chip tasks The Outloot Cleating

These securities have been sold outside the United States of America and Japan. This annu appears as a matter of re ord only

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13th April, 1989

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INTERNATIONAL CAPITAL MARKETS COMPANIES AND

Bunds burst into life on hopes for an end to withholding tax

By Katharine Campbell in London and Janet Bush in New York

NEWS that Bonn would be reconsidering the 10 per cent withholding tax imposed on German financial instruments since the beginning of this year caused a flurry of activity in bunds yestenday. However, prices dropped towards the end of the day as

GOVERNMENT eonds

initial euphoria gave way to more ratiooal reflection as well as yielding some profit-taking opportunities. On Liffe, where a record

number of contracts changed hands (in excess of 32 (00) the June bund future closed at 93.66, 32 pfennigs stronger than Wednesday's close, but well off bank increased its rate on spethe highs of 93.93 seen mid-

morning. Germany has experienced a dramatic turnround in outward capital flows since the imposition of withholding tax was first mooted in October 1987. as foreigners have been deterred from buying bunds and Ger-man funds have sought alter-

native refuge. Net outflows in 1987 were DM41.3bn, climbing to

Black & Decker wins commitment

on Emhart offer

DM130.9bn last year Now the market is trying to assess the implications of a new and largely unknown face at the finance ministry.

German hond prices will volatile, though the news While political observers had only be positive. With German bond ma said that one condition of the

acceptance by Mr Theo Waigel, largely preoccupied with the Christian Social Union leader, of the Cahinet position Waigel's stance on withho tax, there was little discu about other possible effect would be the ebolition of withholding tax, statements by the new regime.

In the next two weeks, while

an agreement is forged at Cabi-

net level on the tax question,

However, one observer Chancellor Heimnt Kohl dur ing the day gave the market pause for thought as to that he was expected to ta tougher stance on the Dexchange rate, which wou beneficial for domestic bo whether the more likely outcome might not be minor read-Mr Gerhard Stoltenberg justments, with a less marked former Finance Minister, had frequently been at odds with the Bundesbank on this point, impact on capital flows and hence on bond prices. Prices fell hack further as the Swiss National Bank raised both the discount and Lombard adopting a considerably less hawkisb view as to where the exchange rate should be rates, and the Dutch central

Contraction and the second

Bond traders' immediate reaction tended to be to inter-THE reaction of the Dutch pret this as portending a co-or-dinated round of central bank market, one haven for German funds since the witbbolding tar debate first opened, was bard to read yesterday. Not tightening, even though both authorities, particularly the Swiss, are hattling with a weak surprisingly, the expected new domestic currency and might be regarded as baving ade-quate domestic reasons for Dutch state loan was not issued. Prices were some 5 cents

stronger on the day, although

BENCHMARK	GC	VER	NMEN	IT B	OND	S .
	ed	1.00			Week	Mond

		Coupon	Date	Price	Change	Yield	890	200
UK GILTS	UK GILTS		9/92	106-04	-9/32	11.29	10.93	10,55
		9.750	1/98	95-29	9/32	10,47	10.21	9.96
		8.000	10/08	95-08	-10/32	9,42	9.32	9.04
US TREAS	SURY *	8.876	2/99	97-01	11/12	9.34	9.24	9.35
		8.875	2/19	97-02	-18/32	9.15	8.05	8.14
JAPAN	No 111	4.600	6/98	98,0900	-0.268	5.23	5.23	5.23
	No 2	5.700	3/07	105.2186	-0.001	5.04	5.04	5.05
GERMANY		6.375	11/98	\$6.4000	+0.375	6.69	6.89	6.26
FRANCE	STAN	8.000	1/94	96.01E7	-0.090	9.05	8.97	9.28
	OAT	8.125	5/99	94.6750	+0.085	6.94	8.92	9.10
CANADA "		10.250	12/98	98.5000	-0.125	10.50	10.45	10.54
NETHERL	ANDS	6.7500	10/98	97.7750	+0.200	7.07	7.07	7.19
AUSTRALI	A	12.000	7/99	90,7154	+0.405	13.69	13.72	13.75

they had risen as much as 40 modestly yesterday morning cents earlier, reflecting consid-erable initial optimism that the but then selling deepened towards the end of the session, ahead of today's batch of ecoeffects of events in Germany would be positive for Holland. However, a 10 basis point nomic figures. At midsession, prices had been quoted as much as % point lower. At the close, they were around % point lower at the long end of the yield curve, increase on special advances to 6.5 per cent from 6.4 per cent helped to knock the steam out of the rally.

US Treasury honds drifted

very thin trading ahead of today's March producer prices, industrial production and capacity utilisation figures and the February trade balance. A weaker dollar also exerted a negative influence.

However, there were two pieces of news yesterday which rave this extremely dull mar-

ket some focus. US retail sales rose 0.1 per cent in March, in line with expectations, while the 0.4 per zent decline in sales in February dropped to a 0.6 per cent fall in March. If anything, these figures should have been mildly positive for the market, but traders appeared to be more interested in preliminary evidence of car sales in April, due out later in tha session.

due out later in the session. The other economic develop-ment was news that the Swiss National Bank had raised its discount rate by ½ percentage point to 4.5 per cent and its Lombard rate by 1 percentage point to 7 per cent. This may have pressurised Treasuries. This move came a day after March figuras for West Ger-March figures for West Ger-man wholesale prices. These accelerated to a rate of 5.8 per taking the yield on the Trea-sury's benchmark long bond down to 9.15 per cent. cent year on year compared with 5.4 per cent in February. Any movements came in

These developments under-line that it is not just the US which is concerned about rising prices - there may be the prospect of higher interest rates in other industrialised countries as well.

WHEN the Irish government bond market fell % of a point yesterday, many dealers attri-bured this to the German tax effect. But one broker was adamant that the 1% point fall among long gilts over the past couple of days was more realis-tically attributable to a large and powerful domestic seller. Indeed some continental huying at the short end of the market was seen during the day.

UK gilt-edged securities chose largely to ignore capital flow considerations, concantrating instead on poor average carn-ings statistics, which further fuelled anxiety about inflationary pressures. On Liffe the June long gilts contract was almost a % point weaker on the previona settlement at 94-16 compared with 94-30.

\$150m loan By Norma Cohen PUBLIC Power Corp (PPC) of Greece has awarded a mandate to Sumitomo Bank to arrange a \$150m eight-year term loan with interest rate margins evan finar than those mooted when fierce bidding

Fine pricing

for Greek

utility's

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The loan has a five-year The loan has a live-year grace period and carries a mar-gin of % for tha full eight years, well below terms on its iast ioan in September 1988 which carried a margin of % point for the first six years ris-ing to % point in the last two years.

by banks began two weeks

vears. In addition, front-end fees are a maxiumum of 20 basis points, against the maximum fee to lenders of 40 hasis offered on PPC's loan last

Sumitomo Bank, in explain-ing its pricing of the loan, cited the overwheiming response to a \$37.5m deal it syndicated last week for Athens Area Urban Transport Organisation. That loan, also for an eight year term, carries margins of % for the first six years, rising to % in the final two.

Bankers were so keen to par-ticipate in the deal that Sumi-tomo received commitments of more than \$100m in about a week

Sumitomo said that PPC was a better-known borrower than the Athens transport body and therefore it believed hanks would be eager to participate in the loan in spite of the fine

pricing. However, hankers pointed out that while the Athens transport body's loan was guaranteed by the Hellenic republic and required no reserves be set aside for it, the PPC deal carried no guarantee and had a risk weighting of 20

er cent. • Sparkassen_SDS has launched a \$250m Euro medium-term note programme and has named Citicorp as arranger. Terms of the programme .call for issuance of securities with maturities of one to 10 years and in non-dol-lar currencies, including Ecu. Dealers for the programma are Citicorp, J.P. Morgan Securities and Swiss Bank Corporation.

D-Mark Eurobonds fall as investors switch into domestic paper

RISES AND FALLS YESTERDAY.

By Norma Cohen

to its issue price.

FT-ACTUARIES SHARE INDICES

such action.

cial advances.

WEST BLACK & Decker, the US powar tools maker, has received commitments from a syndicate of banks formed by Citibank to provide the \$2.8hn of financing required for its tender offer for shares of Embart Corporation, the US industrial and consumer prod-

ncts gronp, Reuter reports, Black & Decker said that the syndicate comprised 28 domestic and loreign commercial hanks, including Citihank, which earlier committed \$1bn. The company said in addition that \$975m hao been committed to refinance debt of the two companies and to provide

working capital. Black & Decker said It extended the expiration date of its \$40 per share cash tender offer for all ootstanding shares of Emhart to April 27 from April 18. It said about 3.2m shares inad heen tendered.

Power tools accounted for 42 per cent of Black & Decker's turnover in 1988.

GERMANY'S announcement of a Cabinet reshuffle, with Mr Theo Waigel replacing Mr Gerhard Stoltenmature. herg as Finance Minister, sent D-Mark Eurobond prices tum-bling. Mr Waigel is a vocal opponent of withholding tax. Bond prices closed '4 to '4

points lower as investors hur-INTERMATIONAL BONDS

riedly switched hack into domestic West German government bunds on the view that the long-promised 10 per cent withholding tax may not he imposed after all. For instance, the European Investment Bank's 6% per cent hands due 1999 closed ¼ lower

while MEPC's 7 per cent bonds due 1999 closed 45 basis points lower at a discount of less 31/4

rushed to take advantage of

the lower yields. In the primary markets, new issue activity was light with deals consisting mostly of spe-cialty items tailored to specific

groups of investors. Swedbank issued a \$100m seven-year bond, callable after one year, carrying a coupon of 11 per cent and priced at 101%. The securities were said to have been largely sold in Japan, the sole source of demand for dollar paper this week and virtually the only source of investors willing to accept honds with a call option

The bonds are priced to yield 132 basis points over sevenyear Treasuries and 130 basis points over one-year Treasury

Lead manager Bankers Trust said Swedbank could probably have issued a seven-year hullet bond at 90 basis points over Treasuries, suggesting the bor-rower paid abont 40 basis points for the call option.

NE	W INTERNATIONAL			BOND	ISSUES		
Berrower	Amount m.	Coupon %	Price	Maturity	Fees	Book rutper	
US DOLLARS Swedbank(a)♦ Swediah Export Credit(b)♦ Japan Coated Paper Mnf.♦	100 50 300	11 20 45 ₈	1017s 1007s 100	1996 1990 1993	13/14 7/12 24/12	Bankers Trust Int, Salomon Brothers Nikko Secs. (Europe)	
AUSTRALIAN BOLLARS Covilingurance Office NSW .	50	17	102	1991	14/4	Hembros Bank	
Awedish Export Credit(c) +	60	2052	1014	1990	1/58	Bankers Trust Int.	
SWISS FRANCS Moon Bet Co.+++ Final terms fixed on:	30	(1%)	100	1994	r/ a .	Banca del Goltardo	
Toyo Tat & Banking(d)5+ Toyo Tat & Banking(d)5+++	100 100	12 12	100 100	1994 1994	nia nia	SBC	
YEN Okabank(s) ♦	4.6bn	10	101 58	1993	15/13	Dalwa Europe	

by AS10m. d) Put option fixed at 1033 to yield 1.863%. e) Rec February

While investment bankers in Europe argue that sellers of such call options - that is, investors who buy the bonds ~ should be earning more, the regional Japanese banks which purchase them appear satisfied with the rate of return. Swedish Export Credit (SEK) issued a one

the redemption price is linked, under a complex formula, to the Nymex light crude oil con-tract. If oil prices a year from now are at current levels or higher, investors will earn back all their principal; if oll prices fall they will lose part of

While such commodityvia Salomon Brothers with a linked bonds have occasionally coupon of 20 per cent in which proved disastrous for their ssuers, the oil price risk has been assumed hy Salomon Brothers' Phibro-Salomon commodifies trading affiliate. Salomon said there was an additional \$50m on tap that it would issue when demand merged

for	the	call	option.	issued	a one-year	\$50m bor	nd it.	 	e
10	ND	ON	MARK	ET ST	ATISTIC	\$			 _
		1							

1. A. 4. 1 1 1 ·.• LONDON TRADED OPTIONS

sition later.

its own withholding taxes comply with a broader EC policy. But if withholding tax on West German domestic securities were to be abandoned com-

D-Mark sector of the Euromarbills.

Because D-Mark Eurobonds are exempt from the planned tax, yields on the securities fell below those on domestic government bonds after the

At the height of the trading, bond prices gave up as much as ¼ point. By the close they reshuffle announcement. Issu-ance of new D-Mark Eurobonds surged as borrowers -- both

bad recovered on the belief German and non-German that selling may have been pre-

After all, Chancellor Helmut Kohl only said that withhold-ing tax was under review, leaving open the door for its impo-

Indeed, some bankers speculate that what may be imple-mented is a modified withholding tax that only affects high-income investors. Alternatively, West Germany may announce it intends to make

pletely, bankers agree it could have a depressing effect oo the

ket

	the joint compilation of the Finant Actuaries and the Faculty of Actuaries		Rises Fails Same 8 ritish Fands 5 90 14 Corporations, Dominion and Fortign Bonds 0 10 34 Industrials 301 419 857 Financial and Properties 114 169 375 Oils 21 35 41 Plantations 0 2 10 Mines 63 27 93 Others 50 80 113	DEALINGS in the FT-SE 100 index option contract continued to re- assert themselves on the traded side of the options market, attracting 12,628 contracts out of a total of 38,948. Many technical factors have affected tha money	coming out today in the US and the UK. The pound and the dollar ended with little net change, no more did the three-month inter- bank sterling rate, but nervous- ness was avident. There are those involved in the market to	puts. There were dealings of 2,060 contracts in the December 180 calls. Recair ran if close, how- ever, on 2,254 contracts, consist- ing of 1,804 calls and 450 puts. Much of the businesses in Recai lay in the May 390 calls, which
EQUITY GROUPS	Thursday April 13 1989	Wed Tue Mon Year Apr Apr Apr ago 12 11 10 (approx)	Others 50 80 113 Totals 554 832 1.537	markets of late, including the end of the financial and fiscal years,	eupport the idee thet interest. rates are going up, and there oth-	saw the handling of 704 contracts, while the August 240 catls -
a sue-sections	Est. Gross Est. Earnings Oiv, P/E zd adj.			the unusually early expiry of indi- vidual options stocks, which took	ers to dispute it. Overall options market trading	widely dispersed in price terms from the other ceries saw
Figures in parentheses show number of stocks per section	Index Day's Yield% Yield% Raudo No. Change IMax.J (Act at (Net) to date %	e No. No. No. No.		place in the lirst half of the month, on Wednesday, end the approach of another three-week	was comprised of 22,307 call con- tacts and 14,641 put. The index trading lay in 6,357 calls and	dealings of 650. Sears, occasionally active in options dealings, attracted 2,250
1 CAPITAL 60005 (207)1	919.08 -0.2 10.71 4.13 11.47 7.22	2 1175 84 1171 45 1167.56 1616.31	LONDON RECENT ISSUES	to the day to 2,028.7, as mea-	6,271 puts, with the May 2000 puts alone attracting business of as many as 1,794 contracts.	contracts, as the underlying share price in it rose 4p to 122p, against the market trend. The June 130
3 Contracting, Construction (38)	666.74 -0.4 12.68 4.12 10.31 14.65 659.67 -0.0 8.47 4.51 14.52 2.99	5 1673.00 1662.91 1676.11 1586.88 9 2682.39 2683.19 2692.42 1979.88	EQUITIES	sured by the FT-SE 100 index, as there was some trembling seen in	British Gas wes the most heavily traded of the individual	calls found 885 contracts, and the June 120 found 406, while there
5 Electronics (30)	496.90 10.45 4.07 11.78 4.94		Later Annual Later 1999 Sect Outing For Mr. Tarr. Core 7.E. Mr. Fail date Righ Lar Sect 7th - Dr. Core Tek Rab	the markets at large ahead of the batch of economic indicators	etocks, finding 2,855 contracts, made up of 2,265 calls and 590	were dealings of 460 in the June 120 puts.
9 Motors (17)	303.32 -0.1 11.94 5.00 9.73 4.85		977 F.P. 44 71 60 Manipure Gram 21g 166 115 3.4 3.0 121 105 F.P. 44 115 155 100 102 116 117 125 100 102 117 126 117 126 116 <	CALLS PUTS Pytime Jui- Act Jan Jui Oct Jan	Option Jul Oct Jan Jul Oct Jan	CALLS PUTS Ballan May Ang May May May
21 CDNSUMER GROUP (186)	156.60	4 1156.50 1154.54 1149.98 1053.76 6 1247.14 1250.94 1251.18 1964.60	950 F.P. 47 47 EXTEmenting Add Tet IIIp. 471-1	Alto Luces 420 54 47 54 115 145 18 (436) 460 14 26 54 33 36 40	Storeinuse 140 27 30 33 4 8 10 (*162) 160 14 19 23 95 14 17 180 7 12 16 25 27 30	Racal 330 57 66 76 12 -8 10 (*381.) 360 33 .45 54 -5 14 20 390 12 .26 43 17 29 36
26 Food Retailing (15)		5 1004.44 1004.76 999.28 851.09 7 2006.71 2000.65 1989.73 2999.72 3 2259.51 2230.78 2297.46 1782.98	9135 F.P. 28/4 140 135 Devroport Vrace 10p 140 +2 e5.25 2.4 5.0 8.5 r F.P. 60 30 Greenings into Writs 63 +2 -	Brft, Alimmes 180 22 27 30 5 .7 .9 (*175) 200 10 16 19 14 16 19 220 4 8 - 30 32 -	180 7 12 16 25 27 30 Tradager 360 24 36 44 16 20 24 (*369) 390 11 19 27 56 38 42.	RTZ. 460 66 85 - 1 7 (520) 500 33 55 68 9 18 25
29 Leisure (33)	557.39	2 1557.75 1568.19 1562.99 1281.55 4 562.88 563.00 559.93 486.43	100 F.P. 100 200 Promovery Card Landon 50m 300			550 8 27 40 35 40 47 Scot. & New 239 23 32 38 6 10 15 (7254) 300 12 21 28 13 20 27
34 Stores (33)	845.16 -0.2 9.10 4.56 13.75 5.04 743.45 +0.5 11.62 4.72 11.28 1.79 506.84 12.20 5.58 9.89 0.38	5 739.57 738.23 739.13 838.08	F.P. 300 200 Processory Gr of Landen 50p 300 E20 F.P. 194 78 55 640 -1 82.0 2.4 1.9 12.2 19 F.P. 40 64 64 1.0 575 10.9 12.7 19 F.P. 40 64 1.0 575.1 17 14 14.4 84.45 2.9 3.7 12.3 19 F.P. 10.3 143 Rest Caberall Librorman 11 1.4 84.45 2.9 3.7 12.3 19 F.P. 10.3 143 Rest Caberal Librorman 11 1.4 84.45 2.9 3.7 12.3	Brit Com 200 16 23 26 9 12 14 (*205) 220 7 13 16 22 22 26 240 3 7 - 43 41 -	(*309) 300 23 33 39 13 15 19 330 11 19 25 30 32 35	Tesce 130 31 54 - 1 15 -
40 OTHER GROUPS (94)	046.57 10.34 4.31 11.79 8.37 270.56 -0.7 8.39 2.69 15.26 12.34	7 1047.04 1644.37 1041.43 868.40 4 1279.52 1268.49 1251.79 1155.95	F.P. JA3 143 Res Catheral (JDp. JA1 +1 R4.45 29 37 123 F.P. - - - 5 Winz Entertainments 5p. 7 -4 - 37 143 +1 R4.45 29 37 123 938 F.P. - 40 33 143 140 - - 38 - - - 38 - - - 37 - - - - 38 - - - 38 - - - - - 38 - - - - - - - 38 -	Beecham 600 45 63 77 25 30 38 (*610) 650 20 35 52 55 62 65 Boots 250 15 25 31 10 14 19 **** 250 71 622 25 28 38	Unileser 500 47 65 77 9 13 16 (*523) 550 18 35 46 32 34 57	Aption May Sep Dec May Say Bat
43 Conglomerates (11)	480.69 +0.3 10.31 4.95 11.21 4.76	8 1183.89 1188.29 1193.24 995.41 6 1475.89 1477.56 1469.11 1158.75 5 2328.87 2328.59 2331.42 1986.08		8.7. 260 24 29 37 5 93 12	Ukramar 280 32 43 52 12 18 20 (*291.) 300 22 32 42 21 29 31	Vaal Recfs 80 0 11 14 112 4 612 (5841 90 3 512 812 712 10 12
47 Telephone Networks (2)	102.10 +0.5 10.65 4.26 12.20 0.04 433.20 -6.6 10.91 4.12 10.43 21.18	0 1097.09 1090.75 1081.73 951.78 8 1441.78 1431.56 1434.45 1136.23	FIXED INTEREST STOCKS	British Steel 70 14 1412 2012 14 34 6	GEC 220 - 21 29 - 10 13 (*2271 240 - 11 19 - 20 22	Option Jonr Say Date Jong Say Bat Anstraid 130 22 29 32 4 6 8 (*145) 140 16 22 27 7 9 12 160 25 12 16 19 21 23
49 INDUSTRIAL GROUP (487)	084.56	9 1035.18 1082.69 1079.05 935.63 9 1931.85 1933.29 1929.84 1856.29	Price Paid Results 1999 Closing Price + Cr 1 up Date Higt Low Stock F	(*82) 80 54 95 145 64 85 10 90 2 5 10 114 144 16 Bass 850 75 110 125 16 23 32 (*894) 900 47 77 92 38 43 52	Option - Jan Sep Des Jane Sep Des	160 S 12 16 19 21 23
59 500 SHARE 1HOEX (5001	721.84 -0.1 - 5.31 - 12.54	5 1157.20 1154.99 1151.34 1012.71 4 722.54 725.66 726.53 668.42	100s F.P. 110s 105s 84SD Br (Net) Car Can Rei Primer 110s 140s 14 110s F.P. 112s 101s Brown & Jackson 101 (sec Car Can Primer 101) 101 (sec Car Car Primer 101) 101 (sec Car Car Primer 101) 101 (sec Car Car Primer 101) 101 (sec Car Primer	a second second second	R. Royce 160 27% 35 38 2 34 45 (*183) 180 12 21 24 65 9 12 200 44 10 14 19 20 23	. 460 8 19 27 35 40 40
65 Insurance (Life) (8)	700.60 +9.2 24.28 6.71 5.46 29.5 1833.71 -0.3 - 5.76 - 25.77 579.16 -0.2 - 5.95 - 10.0	2 1836.96 1851.79 1044.68 953.79	100p F.P. 110p 102p MSD & OkeD Car Can Rei Pri 110p r4 110p F.P. 112p 101p Brown & Lackson 101 pc Ca. Can Pri 110p r4 101p F.P. 101a Brown & Lackson 101 pc Ca. Can Pri 101p r4 101p F.P. 101a brown & Lackson 101 pc Ca. Can Pri 101p r4 101p F.P. 103a p 74 brown & Lackson 101 pc Ca. Can Pri 101 pc 101p F.P. 103a p 74 brown & Lackson 101 pc Can Pri 101 pc 101p F.P. 103a p 21a pc 21a pc 101 pc 100 F.P. 103b p 21a pc 21a pc 21a pc 21a pc 100 F.P. 107b p 21a pc	(*467) 460 39 58 66 21 28 35 500 20 37 48 45 48 35	TS8 100 1412 16 19 14 212 4 (*109)1 110 7 10 12 432 65 8 120 S 5 7% 12 14 15	(*545) 550 22 36 52 30 36 40 600 8 19 30 70 72 72
67 Insurance (Brokers) (7) 68 Merchant Banks (11)	925.38 +0.1 9.12 6.02 14.62 16.34 326.08 -0.1 - 4.60 - 3.63	8 924.62 930.01 928.14 885.70 3 326.51 326.42 326.86 338.98		Cast. Gold 1300 135 145 175 55 75 85 (*1356) 1350 100 136 145 80 95 110 1400 75 100 125 110 125 130	120 S 5 77 12 14 15	British Gas 160 2012 23 28 1 312 414 (*176) 180 642 912 15 732 11 12 200 142 244 7 25 27 27
69 Property (52)	288.23 -0.3 5.01 2.71 23.91 4.14 361.07 10.02 5.81 12.54 3.56	6 361.27 360.21 362.29 393.44	FP ID0 FP ID1 FP ID2 FP FP FP	Coertacks 280 25 33 36 10 14 17 (*272.) 300 11 21 28 21 24 26 330 4 12 - 45 46 -	Option May Aug New May Aug New May Aug New Brit Aero 500 64 86 101 312 12 15 (*555) 550 26 50 66 15 25 35 600 7 26 47 48 55 62 2 32	Dimens 140 21 24 51 540 10 11 (*150) 160 1040 17 22 16 21 23 180 4 9 15 51 34 36
S1 Mining Finance (2)	1079.45 -0.3 - 2.91 - 6.87 456.31 8.83 3.88 12.51 10.49 1360.33 -0.3 8.64 5.11 13.52 15.93	5 656.04 651.30 656.40 451.39	92.32 97.10 130 4/5 30 26-2 Tops Ess. 10 4, rc 1st Mtg Do 2011/16	Com. Usion 330 55 4 (7369) 360 31 36 44 11 16 19 990 16 22 28 26 15 32 33		180 4 9 15 31 34 36
	049.82 -0.2 - 4.36 - 10.42	2 1051.87 1050.65 1048.43 919.31			BAA (7345) 330 51 59 66 5 4 7 (7345) 330 25 33 47 5 10 14 330 7 17 30 18 23 27	Elano 1300 132 180 202 20 32 42 (*1381) 1250 94 147 170 33 47 37 1400 64 114 137 35 64 87
FT-SE 100 SHARE INCEXA	Index Day's Day's Day's Apr Apr No. Change High (a) Low (b) 12 11 2026.7 -4.3 2031.4 2018.1 2033.0 2031.3	Apr Apr Apr Year 10 7 6 200 3 2025 0 2045 7 2052 5 1287 5	RIGHTS OFFERS	GJKN. 330 44 49 61 6 11 14 (*354 1 360 22 30 42 16 23 25 Grant Liet, 460 81 91 - 3 61, -	(*542) 550 17 38 52 19 24 31 600 3 ¹ 2 17 29 59 61 63	Number Stall, 600 54 80 87 20 90 34 (*627 1 650 28 30 60 45 55 62 700 9 30 42 87 85 94
			Price Pald Resume Stock Price Tor p op Date High Low 9	(*522) 500 49 60 75 10 16 19 550 19 31 46 32 36 40	Brit. Telecom 240 33 39 - 1 2 - (*269) 260 15 23 28 5 8½ 11 260 4 10 19 14 19 20	Rilisson 240 27 36 - 2 41, - - (*262) 260 14 22 28 9 11 13 250 6 13 18 23 24 25
	AVERAGE GROSS	Thu Wed Year	30 Nil 14/4 24am Lipps Addia Fidelity 10p 34am 201 Nil 14/4 41ps 33bin #Cannet Grup 5p 40ps 40ps 80 Nil 6ps 30ps #Cannet Grup 5p 40ps 40ps 160 Nil 6ps 10ps Fearer Link 6ps 42ps 160 Nil 22ps 10ps Fearer Link 6ps 42ps 160 Nil 22ps 10ps Fearer Link 10ps	1.C.I. 1100 115 135 - 20 31 - (*1162) 1150 80 100 135 35 47 52 1200 52 75 110 57 75 80	BTR 330 28 41 48 2 7 11 (251) 360 9 23 31 14 18 23	Lamba 300 31 41 52 10 15 18 (*316.) 330 16 23 36 24 31 13 360 7 14 23 49 52 56
FIXED INTERE		Thu Wed Year Apr Apr ago 13 12 (approx.)	160 67 105 150 8m Fertal 10.10 169 169 169 169 169 169 169 169 169 169	1200 52 75 110 57 75 80		
PRICE Thu Oay's We INDICES Apr change Ap 12 % 12	d xd adj. xd adj. British Government r today 1989 1 Low 5 years to date 2 Coupons 15 years	9.79 9.77 8.50 9.34 9.31 8.96 9.16 9.16 8.85	30 Nill 24 cm Lison Actic Fidelity 10p 24 cm Actic Fidelity 10p 24 cm Actic Fidelity 10p 24 cm 25 cm 26 cm <th26 cm<="" th=""> <th26 cm<="" th=""> <th26 cm<="" th=""></th26></th26></th26>	Japazr 300 24 33 42 13 20 27 (*300) 330 9% 21 28 33 37 42	Cathery Sch 300 43 25 - 1 5 - (737) 330 19 32 44 5 11 13 360 5 16 25 24 25 28	Minimum Bik 420 38 48 60 7 14 18 (*440) 460 15 25 35 27 33 35 Stars 120 714 13 14 16 9 10
Brillish Government	4 Medium 5 years	9.79 9.77 8.50 9.34 9.31 8.96 9.16 9.16 8.85 18.96 10.87 8.90		Klangfisher 260 23 29 35 9 12 15 (*273) 250 10 17 23 20 22 26 300 6 12 - 33 36 -	Gentautss 390 56 64 76 2 5 7 (*445) 420 26 42 54 6 11 15 460 7 20 34 28 30 52	(*122) 130 312 779 11 14 16 16 1
1 5 years 117.08 -0.15 117. 2 5-15 years 131.73 -0.31 132.	43 0.29 3.89 7 High 5 years		a Assessions dividend b France based on prospective estimates a Divident rate part or parable on part of capital, cover based on dividend on full capital, a Assessed Stringed and yields Divident and yield exclude special partners. In Fornexa, or estimated annualized dividend rate, cover based on privings Teamings L Estimated annualized dividend rate, cover based on privings Teamings L Estimated annualized dividend and yields and the based on partners and the based on partners for the reflectable annualized dividend dividend annualized dividend annualized dividend annualized dividend annualized dividend annualized dividend divid	300 6 12 - 33 36 -		THF 250 18 25 33 81a 121a 141a (*2652) 300 81a 151a 23 21 24 25 Thong Eliti 600 87 90 - 4 8 -
3 Over 15 years 142.79 -0.30 143. 4 Irredeemables 169.56 +0.68 168.	21 - 5.33 8 Compons 15 years 42 - 1.51 9 25 years	10.04 10.08 9.31 9.52 9.52 9.10	cover based on dividend on full copyral A Assessed drived and yield. Dividend and yield exclude special Arghesit. In Forrecz, or estimated annualised divident rate, over the based on provide transfer to the state of the special angles childred, cover and pie based on latest around survives. M Dividend and Yield based on Proservice or other efficient estimates for 1998. It Dividend and yield based on prospects or other official estimates for 1987/90. O & etcost, Forrecz, or 1998. It Dividend and yield based on prospects or other official estimates for 1987/90. O & etcost, Forrecz annualised dividend and yield based on prospects or other official estimates for 1987/90. O & etcost, Restructures of teorets and pie ratio based on prospects or other others or other efficial estimates. We no Forma ligans, without by teoret 4. Others to invite site of ordinary starts as a "helps". Introduction, SPlacing price, it market_4. Official Loades listing_] adults warrants estitioned; "Third Market.	Lastrette 500 45 64 73 11 13 19 (*530) 550 18 35 43 35 39 43	LASM0 403 37 55 72 7 15 20 (*431.) 441. 13 55 52 28 37 40 479 5 22 35 55 65 67	(*669) 650 38 53 67 14 29 27 700 16 28 37 45 52 65
5 All stocks 129.71 -0.25 130.	19 0.16 4.02 Inter-Linked		nenvonuran, e resee in consection with resignification mirror or takener. A filtunent price & dialected technities martet. & Official London lissing Including warrants extillement." Third Marbet.	Lund Secur 550 30 50 61, 15 16 24 (*558) 600 10 22 33 50 52 55	Hansan 180 6 12 19 4 0 9 (*181.) 200 1 4% 9½ 20 20½ 21½	Wellconte 460 50 69 82 9 14 22 (*490) 500 25 45 58 26 33 36 550 7 ³ 2 - - 62 - -
6 5 years	75 0.29 1.28 13 Initiation rate 10%	5yrs. 3.63 3.63 2.22 r5yrs. 3.60 3.59 3.70 5yrs. 2.79 2.76 1.35			P. & 0. 600 60 82 - 3 10 - (*650) 600 23 50 67 16 23 33 700 8 27 63 52 55 60	FT-SE HIMER (* 2031) Ant May Jun Jul Ant May Jun Jul
8 All stocks 132-19 -0.13 132.	64 0.28 1.27 14 Intration rate 10% Over	r 5 yrs. 3.44 3.43 3.55		M&S 140 21/ ₂ 27 29 2 3 4 (*153) 160 7 121/2 15 81/2 11 13	Plikington 220 22 28 36 14 7 9	1850 192 213 228 - 1 6 9 1900 142 165 185 202 3 11 13 19
9 Ortzatures & Loses _114.60 _0.04 114. 10 Preference 88.88 +0.21 88.	64 2.20 16 Laans 15 yes 17 25 yes	ars 11.77 11.82 10.55	TRADITIONAL OPTIONS	STC 250 39 48 60 8 12 14 (*901) 300 24 35 46 15 20 22 330 11 20 30 32 36 39		1850 192 213 228 - 1 6 9 1900 142 165 185 202 3 11 13 19 1959 95 122 143 160 6 17 23 30 2000 53 83 105 122 14 30 24 30 2000 53 83 105 122 14 34+ 34 45 2000 53 83 105 123 14 25+ 34 45 2000 33 52 73 42 33b, 47 57 45 2000 8 29 50 67 73 80 34 92 2150 2 16 33 45 122 121 123 127 2250 2 16 33 45 127 123 127 22400 1 19
	18 Preference	10.10 10.12 10.00	First Dealings Apr 10 London Shara Service Last Dealings Apr 21 Calls In Audio Fed, Spice, Tusker,	Szhstary 230 15 24 29 6 8 10	Presery 240 30 37 45 6 9 10 (*253) 260 18 24 32 14 16 18 220 9 13 20 25 30 31	2100 8 29 50 67 73 80 84 92 2150 2 16 33 45 124 123 127 2200 1 0 19 31 171 171 173 172
	21.5; Noon 2024.3; 1 pm 2026.8; 2 pm 2050.3; 3 pm 20 lows record, base dates, values and constituent changes a nancial Times, Number One, Southwark Bridge, London S		Last Declarations Jul 13 Control Secs, Watarford, Cons For settlement Jul 24 term AB Eng Brog Test Imagin	(*226) 240 6 12 17 19 20 21 Sheft Trans, 360 - 44 54 - 10 11 (*3801 390 17 24 35 16 20 22 4210 71 13 - 42 35 - 36	Prodecidal 160 17 22 28 11-3 5 (*173) 180 4 10 14 9 12 13 200 11-2 4 8 28 28 29	April 13 Total Contrasts 36,948 Calls 22,307 Pass 14,641 FT-SE Index Calls 6357 Pass 6271
			For rate Indications see end of Edmond, Feedax,	420 75 13 - 42 43 -		Underlying security price

UK COMPANY NEWS

Devenish

launches

issue

By Lisa Wood

£26m rights

J A DEVENISH, the aggressive

West Country brewer, is to raise £26.1m through a rights issue in order to take advan-

tage of opportunities it believes could arise if recom-mendations made in the

fonopolies and Mergers Com-

mission report on the brewing

industry are implemented. Devenish has been investing

heavily in upgrading its pubs, launching its Newquay Steam beer range and extending its wholesaling business. In the year to September 30 it made

pre-tax profits of £11.5m, an increase of 15 per cent.

The one-for-four rights issue, of 9.9m new shares at

270p apiece, is underwritten hy Baring Brothers. Dealings in the new shares are expected

to start on April 14. Mr Michael Cannon, chair-

man, said that the issue would

finance two acquisitions of pubs and pub and entertain-

ment complexes for £8.73m in cash as well as reduce borrow-

ings. These, currently stand-ing around £36m, impose a

heavy interest burden, particu-

larly in the light of the current

affect profitability in the short

Mr Cannon said he did not

own more than 2,000 pubs.

pub estate, so releasing prop-

In addition he forecast that

share price yesterday fell 14p

erties.

to 311p.

high cost of borrowing, and

Strong UK sales help Blue Circle to £203m

By Andrew Taylor, Construction Correspondent

PRE-TAX PROFITS of Blue rose by 63 per cent from £45.6m Circle Industries, which sup- to 274.3m. Profits from home Circle Industries, which sup-plies about half of all the cement sold in Britain, rose by 31 per cent from £155m to £203.1m.

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Turnover increased from £1.07bn to £1.12bn. Earnings per share, following a slightly increased tax charge, rose by 19 5 per cent to £70

19.5 per cent to 57p. Blue Circle is one of only three British cement manufac-turers. The others are Rugby Portland, which last year increased pre-tax profits by 41 per cent to \$72.64m, and Castle Cement, which 12 months ago was acquired from Rio Tinto Zinc by Scancem, a Swedish-

Norwegian joint venture. Sir John Milne, Blue Circle's chairman, said 1968 had been an excaptionally successful year in the UK, where profits had risen from £79.2m to £134.1m. The group had been assisted by first time contributions of £8.5m from the con-sumer products division of Birmid Qualcast and £4.3m from Ockley Brick.

Profits from overseas however fell by almost 13 per cent from £90.8m to £79.2m. There was a lacklustre performance in the US where profits declined from £35.9m to £28.8m. Profits also fell by £3m to £15.7m in Mexico.

Blue Circle said overseas profits had been adversely affected by exchange rate

movements. UK cement profits last year the proposed disposal of the

products including Birmid Qualcast increased by 87 per cent from £12.3m to £23.1m. Brick profits more than trebled

Sir John said the rise in UK cement profits was due to bet-ter margins and high demand from the British construction industry. UK construction out put last year rose by 7 per cent and was forecast to grow by a further 3 per cent to 4 per cent this year. Better margins were the result of more efficient produc-

tion and distribution following the end of the UK cement manufacturers common prica agreement in February 1987. Cement prices had also risen by 6 per cent last August and by a further 7 per cent from the beginning of last month. Qualcast lawnmowers, Pot-terton boilers and New World

cookers in the home products divisions also had good results last year said Blue Circle. Results in the US had been

mixed. Profits had increased in the north east but the group had continued to suffer from difficult markets in Georgia, Oklahoma and Arizona. It expected to see a small improvement this year as a result of management changes and elimination of losses from

Str John Wilne, chairman, an

exceptionally good year in UK Williams Bros lumber husiess. In Chile tha construction

market in the run-up to national elections had remained strong and profits last year rose by 7 per cent to £12.5m. African profits had increasad from £16.1m to £17.3m. Asian profits were down very slightly at £4.9m. Net debt, following the acquisition of Birmid Qualcast

had increased from £147.6m to £288.1m, representing just under a third of shareholders funds. The group was continu-ing its policy to sell non-core business including Birmid's foundries business.

A final dividend of 14p makes a total of 20p (15p) for the year. See Lex

McLaughlin to get listing and makes £2.8m rights issue

was hoping to add new activi-

ties to its specialist building services division. The rights

issue shares are priced at 265p:

The company, which plans

By Clare Pearson

MCLAUGHLIN & HARVEY, the building contractor and housebuilder, will next week be exchanging its quotation on the Unlisted Securities Market for a listing and will be accomthe rights issue would provide resources for the group to expand. In the near-future, it panying the move with a £2.8m two-for-seven rights issue. These announcements came

yesterday as tha company unveiled pre-tar profits almost 50 per cent higher in 1988 at £2.13m (£1.43m) on turnover up from £65.92m to £94.12m. Earn-

				• •	-
DIV	DENDS	ANNO	DUNC	ED	•
	Current-	-Date of payment	Correa ponding dividend	for	Total last year
AMI Healthcare	fin 4.5		3.5	8.5	3.3 5.1
Assoc Fisheries		May 26	4	6 1.5	0.5
Beacon Group		2 - C	2.65	3.5	3.15
Blue Circle	fin 141	July 7	10	20	15

ings per share rose from 22.3p to move up from the USM next to 32.8p. Thnrsday after an 8½-year The proposed final dividend stay, is a building contractor in London and Ulster and a is 6p (5.5p), making 9p (8p) for the year. McLaughlin said proceeds of housebuilder in Kent and

Its construction division received a big boost in January when it was appointed main contractor for the Antrim Hospital in Northern Ireland . The contract is worth £28.7m and should run until 1992.

should run until 1992. On current year prospects, Mr Charles Denny, chairman, said tender enquiries on the construction side remained very encouraging, although margins were still disappoint-ing. Work in hand for 1989 at **Banks** confident on **BDDP** loans in bid for BMP By Nikki Tait 175m was some 66 per cent higher than at the same point last year.

Three banks which are backing the £103m leveraged bid for Boase Massimi Pollitt, He said honsebuilding should make a bigger profits contribution than last year the UK-based advertising agency group, from Boulet Dru Dnpny Petit, the French although the timing of comple-

Profits warning sees Peters fall 13p

By Alice Rawsthorn

MICHAEL PETERS Group, one of the leading players in the UK design industry, has warned that its profits growth this year will be slowed down by the problems of its US design businesses lesign businesses. The group's share price fell

by 13p to 100p on the announcement. Mr Michael Peters, chairman, said the group should increase its prof-its this year but that the losses from the US would depress the rate of growth.

Warburg Securities has slashed its profits forecast for the year to June 30 from £3.2m to £2.3m. This compares to profits of £2.1m last year. Peters made its major move

into the US early last year hy buying Hambrecht Terrell, one of the higgest retail design companies, for £7.7m. It then set up a packaging design and brand identity consultancy in New York.

50 per cent - for the second

successive year - to £450m in

design is still an immature

But behind this rosy facade,

The crux of the industry's

even the biggest businesses. The stockmarket careers of

the small group of publicly

quoted design companies have illustrated the precarious char-

acter of the industry. In the early 1980s a succession of designers went public.

The 1980 flotation of Allied

International Designers, since acquired by Addison, was fol-lowed by that of Fitch in 1982,

Peters in 1983 and a string of

Some of the publicly qnoted

design companies have flour-isbed. Fitch has used its listing

to finance its expansion into

new design disciplines and dif-ferent countries. The diversi-

fied groups, such as Holmes &

Marchant, have also achieved consistent profits growth. WPP

and Saatchi & Saatchi, the

giant marketing groups, are faring well with their recently

Hambrecht Terrell per-formed poorly last year when

side the US, but two important Asia Pacific contracts have the market for US retail design suffered from sluggish con-sumer sales and the frenzy of corporate activity among the major retail groups. These problems were exaccr-

Asia-Pacific contracts pave been postponed. Moreover the development of its new US design company has heen unexpectedly slow. The two subsidiaries should make a loss this year. bated by the illness, diagnosed before the acquisition, of Mr Jim Terrell, one of the found-ers. He has since been forced to Mr Peters will spend the rest of the year in New York and expects the subsidiaries to return to profit in 1989/90. He stop work and a new senior management team has been appointed.

said the rest of the group - in Europe and Canada - was Peters had hoped to increase Hambrecht Terrell's work out-"going like a train"

Design faults in an immature industry

Alice Rawsthorn on the problem of fragile finances in this sector

YEAR ago when Mich-ael Peters Group, one of Britain's biggest design businesses, announced its acquisition of Hambrecht

industry with all the attendant problems of fragile finances. The design market may be Terrell in New York, the pros-pects seemed bright. The acquisition, the group's most amhitious deal to dete, pro-vided Peters with an entrie booming, hut individual com-panies are still tussling with into the dynamic field of US poor profitability and irregular retail design. income.

But things swiftly turned sour. No sooner had the deal been completed than the US problems lies in the low cost of entry. It costs next to nothing retail design market collapsed. Also Peters bas struggled to to set up in business as a designer. In recent years the establisb its new packaging and brand identity design busi-ness in the US. Yesterday it industry has become polarised between the big groups, like Peters and Fitch & Co, and the hundreds of entrepreneur designers. Yet the presence of warned investors that its New York losses would depress overall profits growth this so many small companies depresses the profitability of

give unequivocal support to the MMC report but ha believed it would give major For Peters the announcement marked the latest instalment in the sorry saga of the Hambrecht Terrell acquisition. opportunities to some regional brewers. The report - which has yet For the London stockmarket, it has a wider resonance in that it serves to confirm the City's to ha given Government approval - recommends for example that no brewer should worst suspicions about "people businesses" in general, and design companies in partic-Mr Cannon said he did not expect that the major brewers ular.

Ostensibly design looks like would divest themselves of an attractive area for investthousands of pubs. Bnt, he said those large companies which might decide to sell ment. The 1980s has, after all, been cbaracterised as the "design decada". The sudden surge of aesthetic awareness their brewing operations instead might fine-tune their that has swathed the high

street in post-modernist pastels has created a bonanza of new some smaller regional brewers without strong brands might be put up for sale. Devenish's business for the design industry. A recent survey by Design Week magazine suggested that the 100 biggest British design groups increased fee income by

Bid for Piccadilly unconditional

The Miss World Group bid for has acceptances in respect of Piccadilly Radio has been 90.7 per cent of Piccadilly'a declared unconditional as to non-voting shares and 74.6 acceptances. It still needs approval from the Independent Broadcasting Anthority and from the Office of Fair Tradbeauty contest group owns or station.

others.



As for Peters, most of its subsidiaries are performing well, but not well enough to compensate for the losses from Hambrecht Terrell and its new US design venture or to pre-vent a slowdown in profits growth.

33

Ironically the raison d'erre for Peters' expansion into the US was to broaden the base of its husiness, thereby making its less vulnerable to cyclical slumps in the UK.

It was also influenced by the trend towards internationalism within the world design industry that has intensified the competitive pressure on the larger groups to expand into other countries.

Other British design companies bave staged international acquisitions for exactly the same reasons. Fitch bought RichardsonSmitb, one of the leading product designers in the US, last year. Saatchi and WPP have continued to develop their worldwide design interests. Some of the private companies, like Wolff Olins and Minale Tattersfield, have also expanded internationally.

The critical questions for the City are whether they will succeed where Peters has - so far - failed and whether design can ever conquer its structural problems to become a more

Kelt to dispose of Sigas to Esso for £9.89m

By Nikkl Tait

THE SALE of downstream asset value is £2.27m, and unaudited profits. At the time of the Carless bid, Kelt - a smaller oil group - said that it would sell "sub-stantially all" of the down-

this year the design sector has been dogged by difficulties, Addison, the marketing group which now owns AID, has encountered problems with public relations in the UK and design in the US. Earlier this week it announced a fall in pre-tax profits from £4.3m to £2.1m for 1988. Addison is now the butt of a bld battle between Motivaction, the French market research company, and MAI, the UK company with interests in financial services and advertising. Similarly WCRS, the ambitious advertising agency which recently diversified into mature industry.

- warning of

per cent of the voting shares. The bid links Miss World's Red Rose Radio chain, based in Preston, with Picaadilly's

ing. Preston, with Picaadilly's The entertainment and Manchester-based radio

Michael Peters

depressed overall profits

acquired design interests. But other companies have

floundered. Since the start of

Coordeakin Groupfin 2.1294 1.971 3.478 3.216 Costalatfin 2.1294 1.971 3.478 3.216 Costalatfin 2.1294 1.971 3.478 3.216 Davis (Godfrey)fin 4.67 June 14 4 7 6.14 Lytem (3)fin 4.67 June 5 1.5 - 3.5 McLaughtin §fin 8 May 18 5.5 9 8 Rea Brothersfin 0.25 May 25 nil 0.5 0.65 Toyefin 4.5 - 3.5 8 5 Dividends shown pence per share net except where otherwise stated. "Golvalent after allowing for scrip issue. 10n capital increased by rights and/or acquisition issues. §USM stock. §SUnquoted etock. 4Third market. #For nina months. #Carries scrip option. Interest payable throughout. N.V. Gemeenschappelijk Bezit van Aandeelen Philips' Gloeilampenfabrieken (Philips Lamps Holding)	Supply from, said yesterday that they saw no problem with the financing package if BODP was successful. "The banks are confident that the enlarged group will not be in breach of any of the covenants and clearly made their decision to lend on this basis." said the statement issued on behalf of Charterhouse Bank, Credit Agricole and Industrial Bank of Japan. The three banks are responsible for the core £57m Ioan facility. CAP GEMINI Sogeti, the French software house, yester day revealed that it bad increased its stake in Sema Group, the Anglo-French software house, yester day revealed that it bad increased its stake in Sema facility. Tha Ioan agreements have come under attack from the larger BMP, which has argued that there would be breaches of two covenants – concerning interest and cashflow cover – if the merger went through. Case and cashflow cover – if the merger went through. Case and cashflow cover – if the merger went through.	under way yesterday with the disposal of Sigas, the Liquid Petroleum Gas business, to Esso Petroleum. The sale price is £9.89m and subject to contract. Completion sbould take place before end- April. The company was acquired by Carless in April last year for £6m and in the intervening period about £1m bas been invested in developing a filling plant at Telford. Sigas's net
Dividend Announcement At the ordinary General Meeting for Shareholders held on 12th April 1989, the dividend for the financial year ended 31st December 1988, was declared at HfL 2,00 per Ordinary Share of HfL 10, – nominal value. On 4th January 1989 an interim dividend of HfL 0,60 has already been made payable. It was decided that each shareholder who shall not have opted for payment of the final dividend in cash amounting to HfL 1,40 per Ordinary Share before or on 31st July, 1989, will receive a distribution in shares (at the charge of Share-Premium Account) at the rate of one new Ordinary Share of HfL 10, – nominal value for every 25 shares of HfL 10, – nominal value held. The new shares will participate in full in the results of the year 1989 and thereafter. The distribution in shares is not subject to the Netherlands Dividend/Income Tax or United Kingdom Tax.	<u>FT Guides to</u> <u>Investment & Financial Planning</u>	RESULTS • 1988 Chairman Tom Booth reports: "After a year of enormous change throughout the financial services industry Refuge is well placed to face the challenge of the future. "It has been an exceptional year." HIGHLIGHTS
 United Kingdom Jaz. The above-mentioned final dividend in shares or in cash will be payable as of 27th April 1989 by the company's paying agent, Hill Samuel Bank Ltd, 45 Beech Street, London EC2P 21.X to the UK-CF depositaries in accordance with their positions in the books of CF Amsterdam on 12th April 1989 at the close of business. The new shares will become available as from 27th April 1989, in the United Kingdom in the form of UK-CF criticates at the office of Fill Samuel Bank Ltd. for UK-CF depositaries only against transfer of CF rights. The share of this distribution which have not been claimed by 31st August 1989 will be sold for the account of those entitled. In case of dividend payment in cash holders of UK-CF certificates are reminded that such payment is subject to deduction of 25 per cent Nethenlands Withholding Tax. This 25 per cent may, however, be reduced to 15 per cent, when payment is made to residents of Australia, Austria, Beigum, Canada, Denmark, Finland, France, Western Germany, Ireland, Japan, Luxembourg, Netherlands Antilles, New Zealand, Norway, South Africs, Spain, Sweden and the United States of America, who deliver through the UK-CF depositary the appropriate Tax Declarations to the company's agent Hill Samuel Bank Ltd, The Netherlands withholding Tax may be reduced to 20 per cent when payment is made to residents of 120 per cent when payment and the United States of America, who deliver through the UK-CF depositary the appropriate Tax Declarations to the company's agent Hill Samuel Bank Ltd, Tay Noteden and the United States are not applied to 20 per cent when payment is made to residents of Indonesia who deliver the appropriate Tax Declaration in the above mentioned way. Payment of the net guider amount of dividend will be made by Hill Samuel Bank Ltd, and state and the 1989. Endbover, 14th April 1989 The Board of Governors 	 Guide to FT Statistics A Guide to Unit Trusts A Guide to Investment Trusts Investing for Beginners Investor's Guide to the Stockmarket Financial Planning for the Individual Phone 01 799 2002 for further details and our free catalogue 	HIGHLIGHTS ●PROFITS UP OVER 50% ●DIVIDENDS UP NEARLY 17% to 21p RESULTS 1988 1988 1987 PROFIT FOR YEAR after tax (£000's) 13,591 9.031 DIVIDENDS per share Interim paid 650p 5.75p Proposed final payable 8th May, 1989 14.50p 12.25p 21.00p 18.00p EARNINGS per share 27.04p 18.75p TOTAL ASSETS (£m) 2.041 1.838 Copies of the Report and Accounts are now available. Eminge House, Alderley Road, Wilmslow, Cheshire SK9 1PF Teiephone (0625) 535959 REGISTERED NUMBER 1854686 ENGLAND
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making progress. It is expected

to come into operation in the

fourth quarter.

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UK COMPANY NEWS

Godfrey Davis climbs to £17m

By John Thornhill

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A 23 per cent increase in pre-tax profits, from £13.87m to £17.06m, is reported for 1988 by Godfrey Devis (Holdings), the textiles, car dealing and building services group.

Turnover rose to £256.39m (£221.47m) and earnings per share advanced to 15.16p (13.2p). A final dividend of 4.67p will make 7p (6.1p) for the year.

Mr Neil Benson, chairman, said all divisions had traced well and the profit, with sharebolders funds of £77m, would provide a substantial springboard for the future. Results for the early part of

1989 gave him confideoce that next year be would report on another period of cootinued growth and on the further development of the businesses. In 1988 Sunlight Textile Ser-

vices suffered from a decline in the hotel market during the year but the growth of its small rental business improved profits to £9.23m (£7.85m).

First Impressions, which supplies compacy clothing, also had a highly successful year, the chairman said. New-

Portmeirion

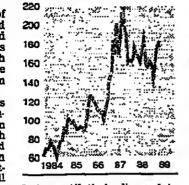
bury Laundry was added to the textiles division io June **Godfrey Davis** and has now been fully inte-Share price (pence) grated. 220

A 20 per cent expansion of its contract hire fleet and improved management and 200 160 controls in its dealerships largely eccounted for growth in the vehicle division, where 160 140 pre-iax profits to £7.86m 120 Building service activities were strengthened in Septem-ber by the £43.7m acquisition

Lessen the second second

of Falcon Industries, which supplies portable buildings and plastic garden pots. Mr Benson 60 said it would take until the latter part of this year for the full berefits of the acquisition to be realised. Falcon contributed 2600,000 and helped the divi-sion double profits to £2.55m (£1.27m). A loss of £374,000 was

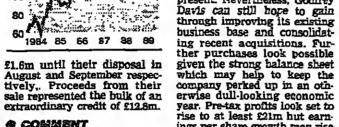
This mainly reflected central



sale represented the bulk of an extraordinary credit of £12.8m.

incurred by other activities, aithough this was a reduction

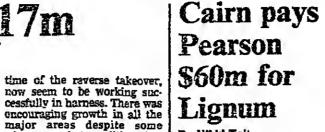
on the previous year's £759,000. from Sunlight Service. The peculiar mix of its businesses, much commented on at the



@ COMMENT This was a solid set of numbers

reflecting Godfrey Davis's tighter management skills since the infusion of personnel

Godirey Davis Park Homes and Security Arrangements contributed pre-tax profits of



By Nikkl Tait adverse market conditions but many of these markets may CAIRN ENGERY, an independent oil and gas pro-ducer which obtained a listing well deteriorate further this year. Tighter economic cooditions will pinch even harder at the end of last year, yester and the building services and motor markets look vulnerable at the end of last year, yester-day emerged as the purchaser of the Lignum oil and gas properties from Pearson, the publishing, hanking and industrial conglomerate which owns the Financial Times. Cairn is paying \$60m (\$25m) later in the current year although performing well at present. Nevertheless, Godfrey

cash, for which it gets inter-ests in 29 offshore blocks in the Gulf of Mexico, working interests in 350 onshore wells in the States, and royalty interests in a further 90 onshore US wells. Total net proved and probable reserves are put et 48.9m cabic feet of gas and 2.3m barrels of oil. The imminent sale of the

Lignum interests was sig-nailed by Pearson at the time of its annual results earlier this month. It sold certain other Lignum assets this year for \$4m, and the total \$64m now achieved compares with a net book value for the subsid-iary's assets of \$51m at end-

1988. The sale of Lignum also fol-lows the £94m disposal of Whitehall Petroleum, whose improvement interests were primarily in the North Sea, by Pearson last Thompson Clive Investments, which provides equity-based venture capital to unlisted companies, invested £1.7m in 1988 in 20 companies, 14 in the UK or Europe, with the remainder in the US. year. Pearson said yesterday that the latest sale - coupled with the disposal of a 35.9 per cent interest in US-based Compressor Systems to the com-pany's majority shareholder -

completes the reorganisation of the oil services division, which now centres of its Directors said that the group continues to see a good flow of Camco busines

Cairn says it is principally attracted by Lignum's offshore blocks - notably three Galves-ton Island blocks and Brazos block 364 - and that its main strategy in the States is con-centrated on the gas market. It plans to rationalise the

onshore properties and dispose of "a sizeable proportion" of these within 12 months. Yesterday, the company suggested that it hoped to raise something in the order of \$5m-\$10m.

from this process. To fund the deal, Caim is setting np a \$40m five-year loan facility with Bank of Scotland. The remaining finance will come from a placing of 6.35m new shares for cash - increasing the issued capital by about 50 per cent. The shares have been condi-End. cent at £9.18m (£7.93m), profits tionally placed at 220p, mainly with institutions. Amongst the for the 12 months to end-December rose from £420,301 to £523,283 placees, Pearson has agreed to

AMI Healthcare margins rise as profits advance by 51%

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By Vanessa Houlder

AMI HEALTHCARE Group, AMI HEALTHCARE Group, privats medical company, yes-terday announced a 51 per cent increase in pre-tax profits to £9.54m, against £6.33m for the six months to February 28.

Turnover increased by 23 per cent from £61.91m to £63.67mL The second quarter, which as usual was affected by holi-

days, saw operating profits rise by 33 per cent to £4.4m on turnover np by 23 per cent to £31.5m.

Operating margins increased from 13 per cent to 14 per cent as productivity improvements and reduced cost of supplies helped the group to shrug off the effects of recent pay increases. Earnings per share increased

by 12 per cent from 8.4p to 9.4p. As with all the figures, they were calculated as if the capital structure had been in place from September 1987.

An interim dividend of 2p per share was declared.

In the 13 acute hospitals,

net assets

On turnover ahead 16 per

· COMMENT of capacity, even after a 5 per cent increase in the number of Spring came early to AMI shoreholders this year. After heds. an extremely lacklustre perfor-mance during 1988, the shares have increased their value by Turnover in the three psychiatric hospitals rose by 54 per cent to \$3.1m. AMI yester-

turnover rose by 21 per cent while prices increased in line with inflation. Bed occupancy

levels were kept at 65 per cent

have increased their value by half in the past few months. The reason is, in large part, speculation due to the instabil-ity of its US parent. It is mull-ing over restructuring propos-als and loveraged buy-out day announced plans to expand this division with the acquisition of Stockton Hall in York for £2.1m. It will become a 60-bed psychiatric hospital for the rehabilitation talks, both of which could result in the sale of its 85 per cent stake in AML. The market the adult mentally ill Dr Marvin Goldberg, chief

Dr Marvin Gonoerg, chief executive, said that he wel-comed the proposed reforms of the NHS, although they would not come into effect until 1990. The white paper would lead to higher levels of expectation in health care and additional opportunities for the private sector. thinks that this, in turn, is thinks that this, in tuil, is likely to result in a full bid for the company. That is why the shares, unchanged yesterday at 359p, are on a demanding p/e of 18, assuming profits of £20m for the full year. That leaves

little to go for, even though it is a well-managed company in ector. Medical Diagnostic Laboratoa fast-growing sector of the market with good long-term ries, the pathology laboratory joint venture which it was set-ting up with CDH-Larem was prospects from the NHS

Thompson Clive | Buoyant housebuilding market boosts Tudor

A 33 PER CENT advance in A 33 PER CENT anyance in pre-tax profits for 1988 was achieved by Tudor, a USM-quoted distributor of wall and floor tiles and manufac-turer of crystal glassware

Turnover moved up 14. per cent to £12.52m (£10.95m) resulting in profits of £648,000 (£456,000) and earnings of 16.4p Net asset value at the year-end was 168.7p (138.1p) basic or 163.6p (133.5p) fully diluted.

(12.6p) per share. The final dividend is 4.5p for a 6p (5p) total and shareholders are also to receive a five-forinvestment opportunities, both

tleuchten, the West Germany lighting company, to 77.6 per cent. DISTRICT STREET, LOAD INCAME TATE

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Restyled Beacon makes £1.9m beats target with £1.72m BEACON GROUP, the old Mellerware cookware business, Portmeirion Potteries (Holdings), which came to the market last October, has handfinished 1988 with pre-tax profits of £1.93m from turnover of \$30.24m. The dividend is the promised 1.5p.

TO THE HOLDERS OF

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CURRENCY FUND LIMITED

INCOME SHARES IN CONTINENTAL

DEPOSITARY RECEIPT FORM

(£5.91m).

office costs.

somely beaten its profit fore-cast for 1988. At the pre-tax level of \$1.72m, the profit compared

1.72m, the profit compared with £1.5m expected and with £1.09m made in 1987. Eerninge were 14.92p (9.98p). There is no final divi-dend; had the company been listed for a full year the pay-ment would have been 4.5p. Turnover in the year rose from C7 39m to 29 81m. The

from £7.39m to £9.81m, The directors said the growth reflected the increasing demand for the groop's pottery and associated accessory products.

The figures took in several acquisitions, including the Jessar group which cost £6m in shares. On a merger accounting basis the 1987 comparisons were loss 5645,000 and turnover 226,46m, while the reported returns in that year for the old Mellerware group alone showed a loss of £1.36m from sales of£15.48m. Mr Sandy Saunders, chair-man, said: With no net debt, and an enthusiastic and highly

motivated management team, Beacon is in a strong position hoth to grow its present

An extraordinary charge of \$515,000 reflected the estimated operations as well as to make further acquisitions." He emphasised the change of loss on the sale of the house direction to a supplier of elec-tronic systems and precision engineering products for high wares business. Mr Saunders said the expan Air Saunders said the expan-sion programme was enabling the group to profit from the growing trend of large multina-tionals seeking to replace their internal manufacturing depart-ments with independent spe-

technology markets. By divest-ing the original Mellerware Housewares operations, management was able to concen-trate on developing its special-ist process technology into its new core business.

cialists. "1988 has seen a major advance in developing this con-cept" he added. There were no reorganisa-All acquisitions had been integrated into the managetion costs this time and finance charges were cut to £160.000. The previous year saw financ-ing costs of £699,060 restated and £576,000 original, while reorganisation costs were ment structure. The overall

customer base represented a platform for further significant growth, and the marketing £523,000. Earnings came to thrust had been reorganised to ensure each company could benefit from that potential. 3.09p (losses 5.07p and 20.2p); the dividend for 1977 was 0.5p.

SMAC Group, the motor

share of the product of the international in the south-east and which gained a listing last October, increased pre-tax profits hy 57 per cent in the year to December 31.

SMAC in line American with forecast Distributors at over £1.4m back in black

(\$174,000).

There was an extaordinary credit of £595,000 this time against a \$74,000 debit.

American Distributors, formerly Sapphire Petroleum, the USM-guoted company with interests in oil and gas explora-tion and production, and distri-hution of cigarettes and confectionery in the US, reported a

ings per share growth may rise only 10 per cent due to the

increased number of shares in

issue. A prospective p/e ratio of over 10 seems fair in the

short-term although acquisi-tions may make that look more

attractive in the longer term.

husiness with independent retailers and builders. retailers and builders. Midland Tilc Contractors made a record contribution as it 'took full' advantage of the huoyant househuilding market. Mr Battin said the outlook was clouded because of high interact rates

interest rates.

Emess lifts stake

tially mainly from increased

Emess, the lighting and electrical accessories group, has raised its stake in Brillan-

early and later stage. In the 12 months to end-Defour scrip issue. Mr Philip Battin, chairman, said the ceramic tile market cember, the group, which came to the main market last Sep-tember, reported pre-tax profits of £224,000 (£27,000) on gross revenue of £837,000 (£646,000). Earnings per 50p share were 0.9p, up from 0.2p last time. slowed towards the end of the year as higher interest rates affected the DIY trade. However, turnover rose substan-**Toye expands** 25% to £0.52m A 25 per cent expansion in

taxable profits was yesierday reported by Toye & Company, the civil and military regalia group based in London's West OV OV OV

The Directors of the above fund have declared the following final dividend per share for the financial period ended 31st March, 1989, payable on 28th April, 1989 in respect of shares in issue on 31st March, 1989: US Dollars 0.3953 per share against coupon NoJO. Shareholders should send their coupons Io Amsterdam Depositary Company N.V., Spuistraat 173, 1012 VT, Amsterdam. EBC Trust Company (Jersey) Limited Secretary Dated: 14th April, 1989.	ber 31. Profits of £1.44m compared with £913,000 in 1987, with turnover dropping from £66.17m to £62.81m. The company said that the results were fully in line with the forecast made in its pro- spectus. Earnings per share advanced 51 per cent to 8.15p (5.39) and, as stated in the placing docu- ment, the directors are not rec- oramending any further divi- deod for 1988. Mr Ray Horrocks, chairman, said that in the current year SMAC would continue to invest substantially in expand- ing the spread of its franchises and its geographical coverage. He expected the company's progress to continue in 1989,	tionery in the US, reported a return to profits in 1988. Fre-tax profits totalled £2.94m against a loss of £257,000 last time. Turnover improved to £103.14m (2544,000) and after tax of £616,000 (£24,000) earnings were 11.1p (6.5p losses), equivalent to earnings of 2.2p prior to the consolidation of the company's share capital on a one-for-five basis in January 1989. These figures include only nine months contribution from Golden Distributors, acquired in April 1988. Directors are rec- ommending a final dividend of 2.25p per existing share in respect of nine months' owner- ship of Golden.	The shares have been condi- tionally placed at 220p, mainly with institutions. Amongst the placees, Pearson has agreed to take 800,000 shares. There is a clawback for existing shareholders. How- ever, Cairn said that it did not expect Mr Kerry Stokes - who acquired a 14.9 per cent inter- est when the group came to market - to ntilise this, although claimed that he was supportive of the deal. The purchase, which is sub- ject to formal shareholder and US regulatory approvals, is due to be completed on May 10. Cairn shares dipped 5p to 215p yesterday, while Pearson gained 1p at 705p.	off the nover anean is per cent at \$3.18m (\$7.38m), profits for the 12 months to end-De- cember rose from \$420,301 to \$523,283. Directors said that order books were running at record levels and that this should anger well for the current year. After tax of £146,443, up from £132,068 in the previous year, earnings per share worked through at 16.76p (12.82p). The single dividend for the year is raised 1p to 7p. A property revaluation at the year-end threw up a sur- plus of £1.86m which has been credited to revaluation reserves.	Over 7 up to 5 8 11 11 10% 10% 11% 10%<
	with perhaps some slackening of demand. BOARD MEETINGS The tollowing comparise have notified datas of operatings are usually held for the pur- pose of considering dividends. Others indica-	Bentalls n By Maggie Urry TOUGHER trading conditions in south east England hit Ben- talls, the department store	it by tough increased the "own-booght" merchandise to about 80 per cent. It had improved its fash-	trading from which Bentalls will take 23.6 per cent of the rental income, estimated to be worth	110 109 Cartio 7.5% Pref (SD
NOTICE IS HEREBY GIVEN that, pursuant to the proveions of clause 6(b) of the terms and conditions of the Notes, all of the outstanding Notes in the acgregate a of \$28,650,000 of the show captioned issue will be reduced on May 15, 1999 at the principal amount thereof bigethor with accrued interest thorean to said redemption date intorest on said Notes to be reducemed shill clause to accrue on the redemption date and on Naid date the redemption price will become due and payable on each of said Notes called for matemption. Payment of the Notes to be redeemed will be made upon presentation and surrondar theored, topother with all coupons appurtonant thereto maturing subsequent to the theorem.	dividends ere inferime or finds and the sub- divisions shown below are based neghtly on lest year's timetables. TODAY Planse- Brostdates Communications, Dinkis Heel, Evered, First Chicago Corp, Futura, PML Plater Extertais	group, in the more important, second half of its year to end January. After a first half pre- tax profit increase of 14 per cent, second half profits shipped 5 per cent. For the year pre-tax profits were 1 per cent down at \$4.8m on sales 4.6 per	ion departments. The group had not been left with excess stocks after Christ- mas, Mr Grenville Peacock, deputy managing director, said He said the areas hardest hit by the slow down in sales were furniture, carpets and	22% a year, with a guaran- teed minimum of 21.65m a year. Bentalls will also retain the freehold of the shop and the shopping centre, while Nor- wich Union will take the rest of the rental income. Further ahead the group	118 92 Trevisa Holding: (USN) 118 95 2.7 2.3 12.7 110 106 Unistruct Europe Com Pref 118 0 8.0 7.3 995 355 Veterinary Drug Co. Pic 295 0 22.0 5.6 9.4 370 338 -2 16.2 4.8 65.0 Securities designanced (SE) and (USN) are deak in subject to the rules and regulations of The Stock Exchange. Other securities listed above are dealt in subject to the rules of TSA These Securities are deak in strictly on a matched bargain basis. Neither Granville 4. Co Limited one Granville Duries Limited are market maters in these securities
recompetion detto, at the off-co of Sonk-America Trust Company of New York, 30 Broad Street, New York, New York 10004, U.S.A. Attn. Debt Securities Processing, 21 at Floor, or, at the potion of the holder, at Bank of America NT and SA, Bank of America Tower, 12 Harcourt Road, Hong Kong, or Bank of America NT and SA, 25 Cannon Street, London ic 29 AttN, England, Attin. M., O. Rosano, Settlement: Doot, or Bank of America NT and SA, Blank of America NT Attin. M., O. Rosano, Settlement: Doot, or Bank of America NT and SA, Blank-berweg 15, CH 8002, Zurich, Switzorland, or Banque Internationate a Luxembourg, SA, 2 Boulevard Royal, 2933 Lusembourg. Coupons which shall mature on or bofore said redemption date should be detached and sumendered for payment in the usual manner. QUEENSLAND COAL FINANCE LIMITED	Fenneer (JRI) Apr. 27 Heasups Apr. 27 National Home Loans Apr. 27 Passies Apr. 27 Parentie Lectronics Apr. 28 Parenties Apr. 21 Soars Mary 3 Systems Reliability Apr. 20	cent ahead at \$74.7m. Mr Edward Bentall, chair- man, said high interest rates had affected consumer spend- ing, especially in the south east where the group's stores are located. The shares slipped 5p to 202p.	heavy electrical appliances. Mr John Ryan, finance direc- tor, outlined the benefits the group is expecting from tha £130m redevelopment of its property in Kingston upon Thames, south west London, by Norwich Unica. A new Ben-	plans to open new stores which would allow central overheads to be spread across a wider base, and enable it to get better huying terms, for instance from Far Eastern clothing sup- pliers. A slight reduction in the tax	Granville & Co. Ltd. S Lowst Lane, London EC3R 8BP Telephone 01-621 1212 Member of the Stock Eschange & TSA
By: BankAmenca Truat Company of New York, as Principal Paying Agent Dated: April 14. 1969	Van Wa hotdinge	However, he was confident that the group's marketing strategy, introduced three years ago, would continue to attract customers. Bentalls had reduced the number of conces- eions within stores and	talls store is being built which will open in July 1950, costing Bentalls a net £12%m to fit out. The old store will he replaced hy a shopping centre, opening at the end of 1992,	rate allowed an increase in earnings per share for the year to 7.24p (7.12p). A final divi- dend of 2.95p (2.65p) is pro- posed to give a total payment for the year of 3.5p, up 11.1 per cent.	I.G INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SW1W OBD Tel: 01-828 7233/5699 An AF8D member Reuters Code: IGIN, IGIO FT 30 FTSE 100 WALL STREET Apr. 1677/1686 -2 Apr. 2038/2048 -2 Apr. 2306/2318 -10 Jun. 1702/1711 -1 Jun. 2068/2078 -1 Jun. 2322/2336 -11
		Clondalkin tops I£8m in 37% improvement	By John Ridding WEST INDUSTRIES, the	initial consideration is £135,000	Prices taken at 5pm and change is from previous close at 9pm
Results for year £000s 4 Turnover 161,515 14	1987 2000s 8.757 +9.0% 8.022 +29.0%	Clondalkin Gronp, Dublin-based printer and pack- aging manufacturer, achieved a 37 per cent increase in pre- tax profits from 125.86m to 123.04m (25.76m) in the year to December 31 1988. A final dividend of 2,129p	engineering and construction group, yesterday completed the first stage of its reorganisation plan with the announcement of a series of acquisitions and a disposal. The company said that Sam- uei Denison, a joint venture between West and Firstmea-	with the balance dependent on the level of service income. In the year to the end of March 1968 Hardness Control had a turnover of £568,000 and pre-tax profits of £27,000. Its net assets were £84,000. Mr John Moulton said the two accursitions reflected	£200,000,000 Floating Rate Notes Due 1994
Profit after taxation 6,248 Dividends per share 8.4p Earnings per share 18.0p Blagden Industries PLC is a holding company with four division international. Chemicals and Protective Equipment — and 26	4.614 + 35.0% 7.7p + 9.0% 14.9p + 21.0% ions - UK Packaging principal subsidiaries	(1.971p) is proposed for an improved total of 3.476p (3.21Sp). Earnings per share advanced to 15.35p (11.38p) after a tax charge of £1.79m (£1.29m). On sales 41 per cent ahead from 573.35m to £110.7m trad-	sure, the investment company which holds 28 per cent of West's issued shares, had con- cluded the acquisition of the materials testing business of Avery Denison from GEC. The completion followed the completion followed the	two acquisitions reflected West's strategy of developing its core business, adopted fol- lowing the change in manage- ment last September. The current business strat- egy was also reflected in the disposal of Westcare, its loss- making pest cootrol division,	Interest Rare: 13.34375% Interest Period: 13 April, 1989 to 13 July, 1989 Interest Amount per £5.000
operating from 19 major sites in the UK, Belgium, France, We Netherlands. There are also two principal related companies in BLAGDEN INDUSTRIES	n Spain.	ing profits were £9.34m (£5.98m). Interest payable amounted to £1.17m against £55.000 received and the pre-tax result was struck after an	Tights issue to finance West's	which has been sold to the cur- rent management for a nomi- nal consideration together with the repayment of £410,000 of group loans. in the year to the end of	Note due 13 July, 1989: £166.34 Interest Amount per £50,000 Note due 13 July, 1989: £1,663.40

which sells and services a range of materials testing

equipment, for a maximum

consideration of £225,000. The

For a copy of the 1987 Report and Accounts write to: G. L. Levine, Company Secretary, Blagden Industries PLC, Tonman House, 63-67 Victoria Street, St. Aibans ALI 3LR.

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in the year to the end of March the combined losses of

the division were £202,000 and

they had net liabilities of £8,060

excluding group loans.

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Agent Bank

Baring Brothers & Co., Limited

UK COMPANY NEWS

Mining the only let down as results reach top end of estimates Costain profits advance to £89m

By Nikki Talt

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Street Cudor

STRONG RESULTS in housing and property, and a sharp recovary on the engineering and construction side, helped

and construction side, helped Costain Group increase pre-tax profit by 35 per cent in 1988, Turnover was £1.16bn (£970m) from which a profit of £89.2m (£66.2m) was mada. Earnings were up to 33.5p (25.7p). The final dividend is 7 255 making 11 75n (9 555).

7.25p making 11.75p (9.65p). Results were at the upper end of analysts' forecasts, but the sharee still eased 4p to

319p. The profits advance came from three of Costain's four main divisions. The exception was mining, whose contribution at the trading level was marginally lower.

Housing produced the most striking advance with profits doubled from £12.5m to £25.8m, of which the UK accounted for £23m. The company completed 1,872 unit sales here, and the average selling price rose 36 per cent to £79,000. The num-ber of units sold in California totalled 117, while in Spain Costain has taken a local part. Costain has taken a local part-ner into its resort development, leading to an earlier-than-projected contribution.

Mr Peter Costain, chief executive, suggested yesterday that the company still expected the

By Hugo Dixon in Munich

SIEMENS, the West German

electronics giant, yesterday spelt out for the first time its

plans for Plessey's micro-elec-tronics and research activities should its joint bid with GEC

of the UK for the British elec-

tronics manufacturer prove

thum is waiting for clearance from Lord Young, the Trade and Industry Secretary, to pro-

ceed with a new hid for Ples-sey. A decision is expected

During a press visit to the central research facilities near

Munich, Siemens executives said Plessey'a microchip and research laboratories would be

maintained and probably enhanced following a take-

The promises are intended to

allay fears that a takeover would lead to the dismember-ment of key parts of Britain's electronics industry. Plessey

has some of the finest research laboratories in the country and

......

within the next 10 days.

The Anglo-German consor-

successful

average UK selling price to advance in the current year. but said that domestic housing starts were currently down by around 30 per cent.

around 30 per cent. Property, too, showed a marked advance, from £18.8m to £24.1m. There was a £50m revaluation surplus in the UK, where the portfolio was valued at £229m. The Australian port-folio was £28m. The latter made little arout

folio was t22m. The latter made little contri-bution to prnfits last year. However, Costain this month plans to lannch a property trust to acquire the first stage of its joint venture Riverside. of its joint venture Riverside Quay scheme in Melbourne. Within engineering/construc-tion, profits benefited from loss-elimination on the UK civil engineering side, and rose to £22.4m (£14.3m). Overall, the group said its Australian husi-

the UK's only significant

microchip business. On many points of detail, however, Siemens refused to

commit itself, saying these could only be determined after a successful bid.

laboratories at Roke Manor and Caswell will be kept fol-

lowing a takeover, Siemens said. They will be run as a 50-50 joint venture, providing research facilities to both par-ents on a contract basis.

Plessey's two main research

starts falling group said his Austranah hust-ness was buoyant, and in the UK volumes were good but margins were still a problem. It suggested prospects ware encouraging in UK construction and civil engineering for the next few years, while off-shore engineering was recover-

Dess

O COMMENT Costain shareholders have ing from two poor years. The mining division saw

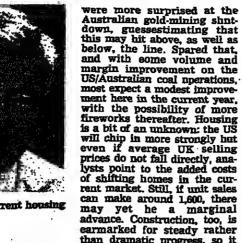
Peter Costain: current housing

certain term contracts expired. A £10.9m (£5.1m) extraordi-nary item included the costs of pulling out of gold-mining in Australia.

Costain shareholders have finally seen the group move off its profits platean - and in style. That said these figures had been broadly anticipated. Even the flat mining division results caused few raised eye-brows, although some analysts profits down from £33.2m to £32.5m, with some of the US equity coal mines suffering a fall in average selling prices as

Mr Knorr said that Siemen

intended to use Plessey'e chip factory at Roborough as its key



advance. Construction, too, is earmarked for steady rather earmarked for steady rather than dramatic progress, so it seems that property - helped by an Australian contribution -will be left to do the star turn. All in all, the City hoges this will add up to £103m-£105m in the current year, putting the shares on a multiple of around 8.5. That still contains a bit of pramium for Tracfolgaries 8.5 ner

premium for Trafalgar's 8.5 per cent stake - at a time when placings rather than bids seem to be the order of the day. But the shares are probably solidly underpinned at the 300p-310p

Profits slip to £5.1m at Associated **Fisheries**

A £1.64m drop in investment income to £1.03m at Associ-ated Fisheries, the food proces-sor and cold storege group, contributed to an erosion of pre-tax profits from £5.69m in the year to September 30 1987 to £5.68m in the 15 months to December 31 1988. The company's year-end

December 31 1988. The company's year-end been changed at the request of the parent company, Eastern Produce (Holdings). Turnover for the 15-month period was ahead at £127.91m (£103.53m for the upprior 12 months) for the previous 12 months), while the cost of sales rose to £109.24m (£86.22m). Group operating profits advanced to

£5.18m (£3.94m). The company said that there was nn repeat of the previous period's substantial capital gain in the US and net interest lass invectment income resulted in a charge of £103,000. This time tax took £1.62m, against a credit of £1.41m in the previous period, while there was an extraordi-nary credit of £6.42m (£951,000), relating to the dis-posal of the restaurant business and the release of a tax provision no longer required. Earnings per share worked through at 19.66p, against 40.24p last time, although before the release of deferred tax in the year to September 70.1007 environment of 520

30 1987, earnings were 22.53p. The directors propose to pay a final dividend of 5p (4p), mak-ing a total for the 15 months of 5p, compared with 5p for

the previous period. At the interim stage, operating profit had been 28 per cent ahead of the corresponding period, hnt that in the follow-ing nine months some of the ground gained was lost, due largely to the absence of profit of the fish restaurant business

Aspen in 45% growth despite specialist printing setback By John Ridding

ASPEN COMMUNICATIONS. the USM-quoted corporate video, media, mobile communi-cations and specialist printing company, overcame shortfalls at its business forms division last user to perform the prof. last year to record pre-tax prof-its of £4.96m, a 45 per cent

increase on 1987. Turnover, boosted by strong Turnover, boosted by strong markets in its corporate com-munications and mobile tele-phone divisions, grew by 51 per cent to £37.76m and earnings per share were up from 22.89 to 33.2p. A final dividend of 4.5p (3.5p) has been recommended giving a total of 6.5p (5.1p). In addition there was an In addition there was an exceptional credit of £102,000, resulting from the gain on the sale of its base in Wiltshire.

Corporate communications saw an increase in profits and turnover of almost 75 per cent, partly reflecting the contribu-tion of Edit Art, a post-produc-tion video editing facility, which was acquired in Decemher 1987. The airline video entertainment business also experienced strong growth.

Since the end of the year, however, the division has been undergoing significant reor-ganisation, including the relo-cation of its husinesses. This, combined with capital expendi-ture of around £4m has

resulted in a fall in profits in the first quarter. However, Mr Henry Meakin, chairman, said try. COMMENT that full year profits were expected to show growth over Aspen surprised nobody with another set of strong figures -an achievement which was last year. The mobile communications the hiccup in specialist print-ing. But the brakes which have been absent over the last five

division, which along with corporate communications represented the bulk of earnings, experienced a 50 per cent increase in pre-tax profits. Problems were experienced, year will obviously suffer from the expenditure and dislocahowever, at the specialist printing division. Pensord, printer of business magazines, suffered from productivity tion involved in relocating staff around the country and in

upgrading plant and, as a con-sequence, earnings growth in the first half will be con-strained. The second half, howproblems and two lost con-tracts, and business forms pro-duction suffered from tighter margins and a consequent fail ever, will be a different story in profits. Mr Meakin said that the vol-With the upheaval out of the way the strong underlying growth will become evident. The recent acquisitions will provide a significant contribu-tion, particularly in the marume of business lost in Pensord had now been recovered although the mix was not as favourable as previously. He added that with the acquisition kcting services division, and trading should remain strong in both corporate and mobile of Heanor Gate, specialist promotional printer, earlier this year, the division should communications. In the former there is the additional boost of exceed 1987's figures. recent contracts to supply video products to two US air-lines. The net effect implies

Since the end of the year Aspen has made two other acquisitions - Intermark a marketing agency, and Crystal Film and Video, a supplier of pre-tax profits of around £Sm putting the shares on a multiequipment and personnel to the television services indusple of almost 13 and at a justifi-able premium to the market.

Randsworth deals reduce gearing to 90%

By Paul Cheeseright, Property Correspondent

property company which has been huilding up an invest-ment portfolin in the West End of London, has completed the sale of properties worth £70m and exchanged contracts for the purchase of another for £17n

The result of the transac-tions is to reduce Randsworth's at Wilson Street in the City of London for £38m. The balance gearing to 90 per cent from 100 comes from properties which

RANDSWORTH TRUST, the per cent. This is partly a are either on a short leaschold response to high interest rates. or which are secondary to the growth of a portfolio in the West End; they include offices in Slougb and car parks in Ramsgate and Margate. Randsworth is purchasing hut Randsworth had already indicated that it would be making sales of properties outside the main line of its interests. The sales include the completion of the previously announced sale of a property

the freehold and occupational lease of a property on Oxford Street, adjacent to its acquisl-

years are now being applied. The first half of the current

35

tion for £56.5m last January of St Christopher's Place.

Professor Hans Danielmeyer. head of Siemens research and development, said he did not envisage prohlems keeping the laboratories occupied. In microchips, the initial intention is to run Plessey'a business also as a 50-50 venture with GEC. However, Mr Jürgen Knorr, head of Siemens semi-conductor division, suggested However, he later clarified this might be altered at a later

date to give Siemens a larger share, provided GEC could be guaranteed a supply of chips for its defence electronics busicusing of their activities.

factory at Roborough as its key plant for making specialised chips — known as application specific integrated circuits — for the world market. However, he refused to com-mit himself finally on this point until he had had a chance to visit the plant. "There will be time enough after the deal. First you have to get the bear." Mr Knorr also appeared to cast donbts on whether Ples-sey's research in gallium arse-£167,000 (£146,000).

cast doubts on whether Ples-sey's research in gallium arse-nide, a new type of material for making chips, would be main-tained. "They have too much capacity, we have too much capacity, we have too much capacity. We might come to the conclusion that some rational-isation would be necessary." However, be later clarified

this statement by saying he did. not mean a reduction in the number of engineers working on gallium arsenide but a refo-

Pre-tax profits of S Lyles, the carpet yarn manufacturer, showed an increase of 17 per cent to £491,000 In tha six

months to end-December on record turnover of £11.42m, np from £9.68m. Bnt Mr John Lyles, chairman, warned that a reduced profit figure was likely for the full year. The interim dividend is held at 1.5p from earnings of 4.18p (3.5p) after a tax charge of

following its disposal.

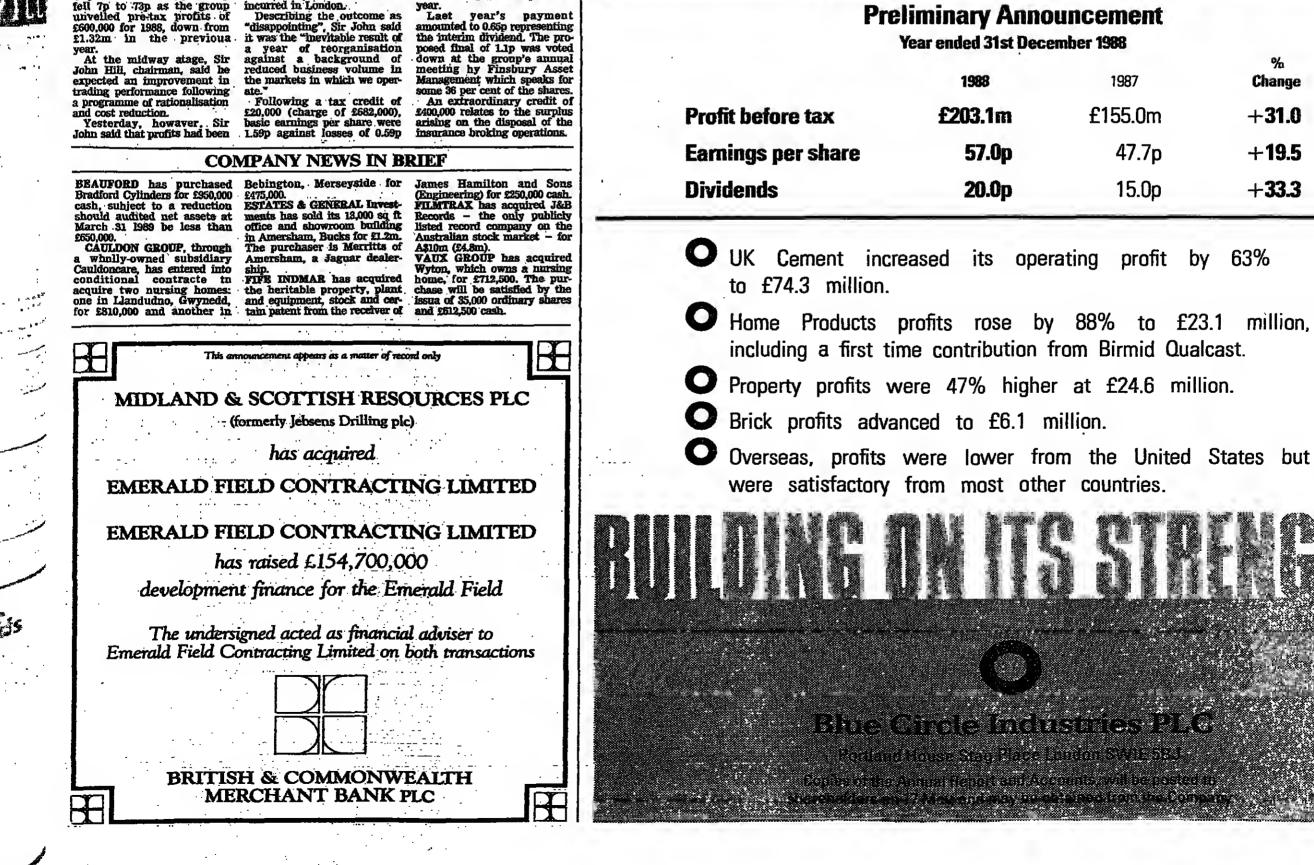


Downturn to £0.6m at Rea Brothers

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SHARES IN Rea Brothers, the affected by further redundancy last time. A proposed final divi-City merchant bank, yesterday and reorganisation costs fell 7p to 73p as the group incurred in London.

level. Siemens reveals plan for Plessey Lyles up 17% but warns on full year



India sets

ambitious

foodgrain

target

By K.K. Sharma in New

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COMMODITIES AND AGRICULTURE

Tin price registers biggest | Palladium gain since 1985 collapse

By Wong Sulong in Kuala Lumpur

THE TIN price on the Kuala Lumpur market yesterday leapt 1.5 ringgit to R28.67 a kilogram (\$10.444 a tonne), the biggest single daily increase since the collapse of the tin market in 1985.

36

Later the European free market tin price, which had broken through the \$10,000 barrier on Wednesday, was set at \$10,709 a tonne, up \$462.50 on the day.

The strength of demand on toe Kuala Lumpur market was evident from the start when trading opened at R27.17 (Wednesoay's closing price) with bids for 800 tonnes and offers of only 57 tonnes. The Kuala Lumpur price has

risen by more than 40 per cent since the start of the year and

in the three trading days this week it has risen by R2.38. At vesterday's close it was a mere 48 Malaysian cents away from the "floor price" of R29.15 that the International Tin Council was trying to defend when it collapsed into insolvency three-and-a-half years ago. The strength of the physical tip price was reflected on the

tin price was reflected on the Kuala Lumpur Commodities Exchange, where nearby futures prices registered unprecedented \$500 a tonne KLCE traders welcome Wednesday's announcement by

the London Metal Exchange that it was reintroducing tin futures from June 1. "It will allow for arbitrage and I can see volume increases capacity.

on the KLCE as a result," said one trader.

Meanwhile, Mr Samuel Mining Correspondent Hanan, general manager of Paranapanema, Brazil's largest THE PALLADIUM price tin mining group, said his country would sell 2,750 tonnes vesterday reached the highest level since late November, 1980. to reach \$178.50 an of tin over and above the 31,500 tonnes it had targeted for this ounce, up \$10.50 from Wednes

This follows the call hy the Association of Tin Producing Conntriea for producers to release their existings stocks to meet the current "temporary shortage" in the market. Mr Hanan said Brazil's pro-

duction for this year was esti-mated at between 42,000 and 44,000 tonnes, and its smelters were already working at 90 per cent of the 48,000-tonnes-a-year

Wheat stocks seen 24% lower

Sy David Blackwell

WORLD WHEAT stocks at the end of the 1988-90 season will be 103m tonnes - down from 135m tonnes at the end of the previous year, according to the latest market report from the London-based International

Wheat Council. The biggest part of the decline will be in the US, where stocks at the end of May this year are expected to fall by nearly 20m tonnes to 14.9m tonne

US stocks of coarse grain are forecast at 62m tonnes instead of the previous 134m tonnes, the fall forming the major part of a 40 per cent decline in world coarse grain stocks to 130m tonnes.

However, world wheat pro-duction in 1989-90 is forecast to rise to 538m tonnes. compared with a previous 504m tonnes. The latest forecast is slightly

tonnes in 1987-88, writes Robert Gibbens to Montreal. down on last month's, mainly hecause of weather problems This will mean Canada'a in the US, where drought has share of the world wheat bas-ket will drop to about 12 per hit the major producing state of Kansas.

The drought and "winter-kill," whereby crops suffer frost damage because of lack of cent from 20 per cent in recent years and a decline of about C\$2bn (£995m) in export value, snow cover, are expected to say Department of Agriculture officials. leave US winter wheat output The EC, by comparison, will at 46m tonnes, an increase of raise its market share to 20 per cent from 14 per cent. The US dominates world wheat only 3.5m tonnes over last year in spite of an increase of 7m hectares in total sow-

David Blackwell on a company which found the charges too steep

trade with 35 to 40 per cent of The total wheat harvest from the market. Farm groups are worried by the export market shift, saying the EC will try to consolidate the US is expected to be 62m tonnes, assuming a recovery in spring wheat output after last year's drought. its gains through heavy export

With little left in prairie subsidies However government econo-mists say the trend can be reversed in two or three years hins after last summer's severe drought, Canada's wheat exports for the 1968-89 crop of normal harvests and aggresyear are projected at only 11.7m tonnes, down from 23.6m sive marketing.

Regulation costs likely to 'obliterate' small brokers

Environment group highlights surges \$10 Japanese threat to forests to 81/2-year By John Hunt, Environment Correspondent

LARGE IMPORTS of timber by Japan will lead to the destruc-tion of the remaining tropical forests of South-east Asia within 20 to 30 years if they continue unchecked, according to a report from the World Wide Fund for Nature (WWF) published yesterday.

The report makes recommendations for improving the situ-ation. It suggests that Japan should use money from its large foreign aid budget to fund a major programme for the conservation and regeneration of these forests. Japan is the world's leading

importer of tropical timber and some of its major trading com-panies have logging interests in Malaysia, Indonesia and other major producing conn-tries. The report names compa-nies involved in Japan's tropi-cal timher imports as Mitsubishi, Mitsui, C. Itoh and Sumitomo.

It says that Japan controls 29 per cent of the international timber trade and in 1987 consumed more than 20.6m cubic

metres of timber. This is more than either the US or the European Community. Japan currently imports

nearly 70 per cent of all its tropical hardwood from the two Malaysian states of Sabah and Sarawak. The report says: "Logging operations in these states are threatening the con-

states are threatening the con-tinued existence of some of the most biologically valuable for-est in the world." Most of the imports are in the form of raw logs, which are low-priced in comparison with Japan's domestically-produced timber timber.

According to the report 96 per cent of Japanese plywood is made from tropical timber. At least a third of this is used in the construction industry as panalling for moulding con-

crete. "Most of this ends up on the scrap heap after being used, on average, just two or three times," says the report. It alleges that some 350,000 Timber from the South Seas: An Analysis of Japan's Tropical Timber Trade and its Environ-mental Impact: WWF, Panda

House, Weyside Park, Godahn-ing, Surrey, GU1 1XR. cubic metres of timber was ille-gally exported from the Philip-

Coffee talks limp toward close

By David Blackwell

Organisation today ends a fortnight of talks on the future of the coffee pact with little hope of agreement on anything except a further meeting in

The only new thing to come out of the talks so far this week has been a fresh proposal from Colombia, the second higgest producer, to solve the problems of the agreement, which expires in September. But yesterday the US. the higgest consumer, rejected the Colombian plan, saying it. would not solve the problem of

on staff numbers remained an

option, and could be consid-

ered next year. Meanwhile GNI, the big Lon-

don futures broker, has taken over four of Coley's staff and

on the various Baltic markets

may sometimes appear small by comparison with some of

cheap sales by producers to countries outside the ICO. Discounts of up to 50 per cent have been talked of in the non-member market, which has greatly angered the US. The consumers agreed last week on a proposal for a universal quota, covering all. coffee exports. But the idea has been firmly rejected by Brazil, the world's biggest producer, which wants the agreement to which wants the agreement to continue on similar lines to the present one, with tighter controls on exports to non-

pines and smuggled into Japan in 1984. Even in 1987 after log exports from the Philippines had been totally banned more than 35,000 cubic metres were exported to Japan it says.

The report prges that the Japanese Government, the tim-ber trade and end-users should discontinue wasteful uses of tropical timber.

negotiations," said one frus-trated consumer delegate yes-

"The producers are at logger-heads. There are five substan-

terday.

A CONFERENCE of agricultural experts from all the Indian states has charted out a strategy for achieving the ambitious target of boosting foodgrain production to 175m tonnes in 1985-90. The need to reach a high level of production has been underscored by the fall in the country's grain stocks and coa-sequent rise in food prices in recent months. Stocks have "In addition Japan should increasingly look to temperate soft woods from sustainably managed forests and to alter-native materials," it says. The report suggests that a surcharge on tropical timber imports should be levied and used to finance sustainable

Delhi

sequent rise in nod prices in recent months. Stocks have fallen in spite of the antici-pated record production in 1988-89 - now put at 168.6m tonnes. The Indian Govern-ment had earlier been hoping for a harvest of 170m tannes. The lower stocks are due to relatively not procurement of tropical forest management as proposed by European timber tradera for tropical imports into Europe.

The lower stocks are due to relatively poor procurement of grain by state purchasing agencies like the Food Corpo-ration of India in the financial your that ended on March 31. Farmers, apparently anticipat-ing higher prices later, have been reluctant to bring their crops to market. In addition, some economists believe, pro-duction has not been as high as the Government expected. Nevertheless, if the hopes of last week's conference of agri-cultural officials materialise, higher production in 1989-90 should improve the stock posi-tion and obviate the need to

tion and obviate the need to make the substantial grain imports predicted recently by the UN Food and Agriculture

tive papers on the table and they are all mutually contra-dictory." Brazil will not brook any the UN Food and Agriculture Organisation. The officials attending the conference hoped for a produc-tion of 98.17m tonnes from the coming kharif (summer) crop despite the fact that a good monsoon, on which agricul-tural output in India is still largely dependent, rarely comes in two successive years. The country had record rain-fall last year after four years of drought that led to a atagina-tion in agricultural production. The overall strategy for rais-ing production in the summer will rest on increasing the area under high-yielding variaties of rice in inrigated and rain-fed areas, diversification of the

areas, diversification of the varieties, adoption of improved rice production technology and

increased use of fertilisers. Efforts are also to be made to increase production of oll-seeds through a similar strategy, as heavy imports of cooking oll are aggravating the country's serious balance of payments problem. Particular attention is to

ground. During the open pit stage Big Bell will produce an annual 160,000 troy ounces of gold and the deep mine about given to optimising use of irri-gation water by preparing cropping patterns and water 120,000 ounces. nagement schedules under.

Big Bell has been redevel-

City's self-regulatory organisa-tion for the futures industry. HE WAY charges are levied for regulatory purposes under the The AFBD charges a levy of Financial Services Act are £1,750 per employee per year, with a cut-off at 50 employees. almost guaranteed to obliterate small futures brokers, accord-ing to Mr Alan Harper, whose Mr Harper believes that the charge should be made per lot company recently announced its withdrawal from trading on traded. Coley and Harper, which the Baltic Futures Exchange. Mr Harper is chairman of

Coley and Harper, which employed nine, had 50 per cent of the grain futures market. Mr Harper pointed out that under the FSA the Grain and Feed Trade Association (Gafta) had to introduce a clearing house consequently raised its

as marginal. Coley will now a small company and it comes concentrate on physical trad-ing of dried fruits and seeds. Mr Harper believes the com-pany's withdrawal from the straight off our income." He estimates that the cost to his company of the FSA has heen Ω hear. This comprises Ω has to the AFBD, BFE could be the catalyst for £25,000 in extra market fees fol-lowing the introduction of the increased commission charges. "I regret we are the tool -Gaita clearing bouse, £30,000 for an extra staff member, and £20,000 to upgrade the combut it may have the effect of demonstrating to the market that it needs a broad base." He puter system. adds that the company could be back if conditions change -"It's a withdrawal, we are not

In addition the company faces a rent review this year, and expects its charges to double

ounce, up \$10.50 from Wednes-day. The strong rise induced sympathetic rises in platnum and gold prices. Pailadium was \$140 an ounce three weeks ago and then surged because scientists said they might have produced unclear fusion at room temper-atures using electrodes of the precions metal in heavy water. "The market was tight and there was no palladium to be had when the speculators moved in," Ms Rhona O'Con-nell, analyst with Shearson Lehman Hatton's London met-als team, said. "This produced

peak

By Kenneth Gooding,

Lehman Hntton's London met-als team, said. "This produced some panicky trade interest." Ms O'Connell suggested that the palladium price had already risen too far but it could well go on to top \$200 an oance before speculators took their profits. "When it fails it will come down just as fast -but not as far," she added. The fusion process had still to be verified, Ms O'Connell pointed out, and, even if it was verified, commercial develop-

verified, commercial develop-ment would take many years. Palladium hit a record \$335 an ounce in early March 1980 at a time of rampant inflation, political tension and an attempt by the Hunt brothers to corner the silver market. Precious metals prices soared to unprecedented levels at that time - gold touched \$850 an onnce and platinum \$1,050. Ms O'Connell said gold and

platinum yesterday were "dismaily gnlet." Nevertheless their prices moved np. gold's by \$1.75 an ounce to \$389 and platinum's by \$8.50 to \$539. THE INTERNATIONAL Coffee

proposal which would lead to a reduction in its exports. The so-called "other milds" produc-ers feel justified in seeking a bigger share of the export quota, and the African robusta producers are fearful of losing the share in the market they members. "There has been no basis for already have. W Australian gold mine

reopens after 35 years. By Kenneth Gooding, Mining Correspondent biggest man-made holes in the

TECHNOLOGY FOR TECHNOLOGY FOR extracting gold from ore devel-oped over the past 15 years and a relatively bigb gold price have been responsible for bringing back to life the Big Bell mine in the Murchison dis-trict of Western Australia world. Then an underground mine will be developed with a life of another six or seven years. oped so far at a cost of A\$133m and another A\$70m will even-tually be needed to go undertrict of Western Australia, which has been closed for 35 years but had its formal re-

several of its clients. Mr James Gray, manager of GNTs team at the BFZ, said the move re-emphasised the firm's commit-ment to the exchange. "While the volumes traded on the union Baltic market opening yesterday. Between 1937 and 1954 Big Bell provided 22.8 tonnes of gold but there remains 80 tonnes of geological reserves to large high-profile

traders on the baluc, he was	Trade Association (Galla) have	taces a tent levien this year,	It's a withdaway, we all not	may sometimes appear smart	bee provide abro totales of		Barrow water of proparity	
also chairman of the Baltic	to introduce a clearing house	and expects its charges to dou-	selling the seats," he said.	by comparison with some of	gold but there remains 80	gold and the deep mine about	cropping patterns and water	
International Freight Futures			Mr Christopher Sharples.		tournes of peological reserves to	120.000 onnces.	management echedilles under	
Exchange (Biffex) and vice-			chairman of the AFBD, said		be won by the use of modern	Big Bell is jointly owned by	the 47 major irrigation projects	
chairman of the BFE itself.	lat.			five BFE markets (grain, soya-	methods.	ACM Gold and Placer Pacific.	in the country. It has also been	
While a firm supporter of the	"My company has been a	had a brokerage turnover of			Over the next six to seven	It raises ACM Gold's annual	decided that improved and	
FSA. Mr Harper is strongly				freight futures) trade instru-	years an open bit will be devel-	output to 250,000 ounces.	high-vielding variaties of seeds	
		company which bought Coley			oped which eventually will be	Placer Pacific's attributable	will be imported to increase	
		two years ago, considers the			2.5 km long and 600 metres	of an ag illi not con the second blog	production of cereals, lentils	
					wide and become one of the		and oilseeds.	
kers and Dealers (AFBD), the	absolute unter charge. we are	profits on the futures operation	on former daned tather man	TICO, WE DAIL	mane and receittle one of the	the poor of the poor	A and Unseens.	

WORLD COMMODITIES PRICES

London Markets

Coley and Harper, which has been one of the most active

traders on the Baltic. He was also chairman of the Baltic

LEAD was for the second day running the only LME base metal to show en advance, with profil-laking being well absorbed. But analysis do not see the rise continuing for much longer as there has been no significant change in the markel's fundamentala. Zinc prices continued to lall, and traders said that now the three grade price was below \$1,600 a tonne, a lurther drop to \$1,520 was signally on the charts. The absence of supply problems which plagued the me earlier this year was the mein reason lor the fall, they said. Nickel prices also continued downwards. Analysts said the market still seemed to be under prassure from merchani liquidation and some setting on bohalt major consumers in order to eecure lower levals for the purpose of price-fixing second-quarter contracts

Crude oil (per Darrel FO8)		+ or -
Cubel	\$16.85-8 90;	+ 0.10
Gran: Bland	\$19 13-9 732	
WTI. If pm ost	\$20.6Z-0 65z	+.065
00 products		
NWE prompt delivery per to		+ or -
Premium Gasoline	\$212-274	+5
Cas On	\$758-180 \$90-92	+1
Heavy Fuel Oil Naphiha	5180-182	-12 +4
Petroleum Argus Estimates		
Other		+ or -
Gold (por trey oz)+	\$389 00	+ 1.75
Sliver (por tray os)	588c	-1
Plainum (per troy oz)	5539 Q	+as
Pallodium (por lioy or)	\$118 5	+ 10.5
Aluminium (free markel)	52095	-5
Copper IUS Produceri	146 8-151C	
Lead IUS Producer1	37.5c	
Nickel (fron markat)	650c	
Tin (European free morket)		+ 462 + 1.5
Tin (Kuala Lumpur merket) Tin (Now York)	20.0/1 494.5c	+22.5
Cinc (US Primo Wastern)	60 Jac	+ 24-3
Cattle Ilive weightit	121.05p	+ 0.19*
Sheep (dead weight)?	245.650	-4 91'
iga (live weight)t	58.420	+4.09"
ondon doily sugar (raw)	\$297.0v	-1.4
ondon daily sugar (white)		-0.5
fate and Lyle export price	£286	-2
Barloy (English foed)	£115.5	-0.S
Naizo jUS No. 3 yellow1	£133.50	+0.25
whoot (US Oark Northerm)	£125.75v	+ 0.50
Pubber (spot) 🖓	60.250	+0.75
lubbar (May) 🎔	59 50 0	+0.75
	69 25p	+ 1.00
lubbor (KL 355 No 1 May)	305m	+1
Coconut oil (Philippines)\$		-2.5
aim Oil (Maleystan)9	5360 Ox	
opro (Philippinosia	\$350	
	\$196z	
100on "A" Index Noomoos (64s Sugar)	73.60c	
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a tonno uniosa atherwise	stated. p-por	co/kg.

alon average fetslock prices. * change from a

week ago. VLondon physical merket SCIF Rot

ard*am* 🔶 Buillon market close. m-Malaysian

High/Low 765 750 778 765 769 760 834 814 763 775 787 823 812 811 821 760 772 781 803 803 811 Jul Sep Dec Mar 611 805 612 803 820 815 ver4560 (12112) lots of 10 tonnes i indicator prices (SDRs per Lonno). Dali for Apr 13: 984.25 (975.58):10 day averag v 14: 1016.34 (1023.75). COFFEE S/Innee Close Previous High/Low 1135 1087 1055 1120 1140 1115 1085 1042 1034 1032 1066 1073 1053 1040 Nov Jan Mar May 1037 1034 1033 1032 1035 1025 1033 1025 1033 1027 1026 1027 1024

COCOA L/Lonine

Close

ar3468 (3402) lots of 5 lonnes dicator prices (US cents per pound) to 2 Comp. Gally 115.67 (115 23); , 15 da 114.74 (114.74).

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0	263 40	263.00		0 259.	
÷	262.00	254.00		0 260.	
ar i	257.80	258.00		0 255.	
hite	Close	Previous	High	LOW	
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00		86	101	73	225
ăÖ –		20	43	206	368
	AND VI	CORTABLE	5		
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FRUIT OUTO 20-254 Zoela	OOR rhub a lb (25- nd Royal (larb io wido 45p), report Gale appies	ty ave 5 FFVI are in	B. Nev at 50	
FRUI OUTU 20-254 Zoela 25 art	OOF rhub a ib (25- nd Royal (5 Chilaan	arb lo wide 45p), report Gale apples Packham pi	ty ave 5 FFVI are in sers 4	B. New at 50 0-50p.	
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FRUIT OUTO 20-254 Zoela 25 arc Orang 50p-S uncha caulifi	OOF thub o a lb (25- nd Royal (a Chilaan jos ore 8-3 2.90 and lo nged, Hor owere 44	karb lo wido 45p), roport Gale apples Packham po 25p each, pi 25p each	ty ave 5 FFV are in ars 4 neapp 3p. eil ench 4 30-75p	B. New n at 50 0-50p. Hos and Jen [35-90	-60p.
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LONDON	METAL BOCC	HANGE	(Pri	ces supplied b	y Amaigamate	d Metal Trading			
	Close	Previous	High/Low	AM Official	Kerb close	Open Interest			
Aluminium	99.7% purk	y (5 per tonne)	Ring turnover 10,						
Cash 3 months	2075-80 2035-40	2095-100 2045-50	2084 2070/2030	2063-4 2045-50	2032-5	30,134 lots			
Copper, G	rede A (E per	tonne)			Ring turnover 34,825 ton				
Cesh 3 months	1875-6 1795-5.5	1881-2 1501-2	1890/1985	1885-90 1804-6	1771-2	71,638 105			
Savor IUS	cents/fine ou	nce)			Rin	turnover 0 oz			
Cash 30 June	584-8 596-9	585-8 596-500		583-5 595-7		353 lots			
Lead S pe	r lonne)				Ring turne	ver 13,500 tonn			
Cash 3 months	366-7 384-5	361-1.8 363-4	364/363 365/363	382.5-3.5 373-3.5	363-4	9,553 lots			
Nickel (\$ p	er Datrie)				Ring turn	over 1,152 torms			
Cash 3 months	14350-400 14200-50	14500-000 14350-400	14500/14450 14350/14200	14450-500 14525-50	14200-50	7,225 105			
Zine, Spec	iel High Grad	a (S per torme)			Ring turn	over 8,950 tonine			
Cash 3 months	1635-40 1812-5	1590-5 1880-3	1665 1627/1600	1655-7 1627-30	1010-20	8.506 lots			
Zine (S per	tannoj	_			Ring turno	ver 17,825 tonne			
Cash 3 months	1620-5 1560-3	1686-00 1817-9	1615/1550	1545-50 1575-50	1550-5	T2.181 Tota			

POTAT	055 1/10			LOND						tutur	es lost	ground or	some p		
	Clase Previous High/Low		Gold (P	Gold (fine oz) 5 price			E equivaient			a.					
May Nov Fea	150.0 92.6 105.0	144.0 92.0 104.0	158.5 148.5	Mornin	Close Opening Morning fix				229-229 ¹ 2 229-229 ¹ 2 228.196	New York					
Apr May	139.5	135.1	140.0 138.0			390.25 3913-39234			229.329		-				
			151.0 150.0	- Day's h			-392				Close	Previous	High/Low		
_	_	17) Jots of 4		-						Apr	290.3 391,4	368.2 369.3	393.0 0		
SOYAE	Lan Mej	L Entonne		Goins		\$ gri	CR	L oquivalent Jun 384.2 382.1 386.2 235-235 Oct 405.0 402.9 405.0 402.9 405.0 235-235 Oct 405.0 402.9 405.0 402.9 405.0 235-236 Feb 416.7 406.8 412.2 418.2		398.9					
	Close	Previous	High/Low	Mapiele	-	400-4	_	_					402.0		
Apr	162.00	182.00		Britann		600-							412.0		
Jun	152.20	153.50	132.50 132.00	US Eng		400-4							418.8		
Aun	149.50	150.00	149.50	Ancel		400-4				Apr			422.8		
OGI	148.50	150.40		Kruger		387-3		3	228-230	Jun	427.9	425.7			
_	_	iois of 20	tomes.	- New So Cid Son		812				PLAT	NUH 50 1	roy oz: S/tro	y oz.		
-				Noble P			5-542.65				Close	Previous	High/Lov		
REG	_	ES \$10/inde		-						Apr	565.B	531.8	561.0		
	Close	Previous	High/Low	Silver 0		p/fint	1 07	1	US sta equiv	May	555.8	531.8	0		
ADE	1653	1842	1853 1840			1.0	_			Jul	558.3	539.3	658.S		
May	1549	1639	1650 1840	Spot		346.1			67.80	Qcs	559.3	535.3	550.3		
kil	1430	1396	1405 1390	3 month		357.4			02.65	Jen	561.3	587.3	562.0		
Det	1483	1488	1495 1498	6 month		368.8			17.85	Apr	553.8	539.8	0		
lan -	1839	1535	1539	12 moni		391.50		650.40	50.40	SILVER 5,000 troy or centa/roy o					
Apr SFI	1580	1535	1580								Close	Previous	High/Lov		
				CRUDE	OIL S	barre	1	-							
Uniove	r 564 (62									Apr	696.7	536.8	0		
						lose	Frevie	1.5	High/Low	May	539.0 534.4	589.5 594,9	395.5 0		
HAIN	Stonne			307	1	8.43	18.31		18.69 18.42	- Jun Jul	600.1	600.5	607.0		
100.11	Close	Previous	High/Low	Jul	1	7.64	17.62		17.88 17.64	Seo	811.4	811.7	617.5		
				- Aug		7.20	17.10		17.35 17.20	Dec	627.5	627.7	633.5		
lay	121.55	121.50	121.95 121.25	IPE Inde	1 1	8.27	18.38			Jan	6327	632.9	0		
un 🛛	122.55	122.25	122.90 122.00	Turneve	0 045	6 (E74	141	_		Mar	643.9	643.9	645.9		
iop Iov	104.70	104.00	184.78	Tel light		e lara				May	654.7	654.5	655.0		
an	110.00	110.25	107.00 105.95							30	685.8	665.5	665.0		
	110.00	110.20	111.00 119.00	GAS OR	Ston			_					0000		
arley	Close	Previous	High/Low		Close	_	Tevious	His	h/Lew	IND	CES				
Aay	110.20	111.00	110.70 110.20	May	153.7	_	53.50			REU	TERS (Ba	se: Septem	bor 18 193		
ep	101.73	101.70	101.70 101.65	Jun	149.2		48.00		1.75 153.50		_				
QV.	104.70	1G4.70	104.70 104.60	311	147.2		47.75		2.00 149.00	- I	Apr 1	2 Apr 11	math ag		
811	107,70	107.70	107.70	Aug	149.0		47.00		50 147.25		2020.3	2017.0	2012.2		
lar 🛛	110.70	110.75	110.70	Sec	152.0		51.00	100	1.50 148.75						
ay	112.75	112.85	112.75 112.70	Oct	152.5		54.00		2.00 151.00	DOW	TONES	Base: Dec.	31 1974 =		
UD AND	e What	210 1242	Jarley 71 (66).	Nov	152.5		53.00		2.50 152.00 1.00 151.75	Spot	137.30	137.09	135.70		
	r lots of	100 tonnos.	auriery / 1 (65).								es 137.91		141.59		
		100 40101111111111111111111111111111111		Turnever	6603	14618	i) lots of	100	tonnea						

US MARKETS IN THE METALS, palladium rea limit up after Russla announce use for the metal, reports Drex Burnham Lambert Platioum ful also touched the limit on heavy buying and elected stop orders and sliver gained strength from platinum and palladium. Coppe trading was choppy as prices a between a 650 point range bet closing down. In the softs, hear switch activity was featured in t cocca as prices gained 25 for li Collee and sugar futures were t alow as each closed nearly uncl All of the grains had quiet days weaker dollar and rain in the m kaot most markets steady. Com girmed slightly on tender news Asia. Wheat also gained on commericial activity. The lives markets ware also slow as aide trading was seen throughout the Weak fundamentals offset an ov market in the belies. Cattle and closed mixed in light volume. E prices fell late in the sessi early trade buying vanished. Ga tutures lost ground on some pro taking. **New York**

	E MET	AI 9	ladium re	hedda		Close	Previous	High/Lon	
			RONOUNC		Apr	143.50	142.70	143.70	142.85
use f	lor the n	netal, re	ports Dre	xel	May	141.00	142.20	144.00	138.50
Bum	ham La	mbert. P	latinum f	utures	Jul	137.00	134.70	136.50	131.20
also	touched	the limi	t on hean	y fund	Sep	127.00	128.20	129.00	125.50
Duyli	ng and e	elected s	top order	s. Gold	Dec	121.00	121,70	122.50	579.80
			ength fro		CRUE	E OR ILI	ht) 42,000 (DS galle \$/1	berrel
			um. Copp as prices			Latest	Previous	High/Low	_
			range be		May	20.56	20.64	20.87	20.51
			oofts, hea		Jun	19.65	18.74	19.87	15.60
			stured in		لايل	18,97	18.08	19.29	18,94
			ed 25 for		Sep	18.04	18.55	18.31	18.41
			tres were		Oct	17.74	17.85	17.56	17,71
				changed.	Dec	17.55	17.39	17.60	17.30
			quiet day		Jan Feb	17.08	17.19	17.30	17.10 17.10
			in in the I	midweet	-				
			der new		HEAT	NG OIL 4	2,000 US ga	lis, cents/L	IS galla
Asia.	Wheat	also gair	ned on			Latest	Previous	High/Low	
חתוסב	nericial	activity.	The lives		May	5250	5320	6570	8250
			cw as aid		Jun	5070	5120	5175	5070
			bughout t		Jul Aug	4970	5047	5080 5085	4970
VEAK	rundan	ientais o	fiset an o	versold	Sep	5050	5097	5135	8040
lose		Deliles.	Cattle an	d hogs	Dec	\$250	5252	5250	5250
rices	s fell lat	e in the	volume. I session a	ter	COCO	A 10 tonn	es;5/tonnee		
sarly	trade b	uying va	nished. G	teoline		Clode	Previoue	High/Low	
uture	is lost g	round or	some p	ofit	May	1297	1272	1872	1285
aking	-				Jul	1244	1226	1252	1232
					Sep	1241	1225	1250	1230
le	w Y	ork			Dec	1253	1245	1265	1250
_		-			May	1254	1250	1283 1285	1246
	100 1709 0	t; Stroy o	Z.		Jul	1244	1256	1265	1255
	Close	Previous	High/Low		Sep	1268	0	0	Q
рт	290.3	368.2	393.0	369.5	COFF	EE "C" 37	500%ba; cer	ts/ibs	_
SY M	391,4	392.1	398.9	392.7		Close	Previous	High/Low	
00	397.3	597.2	402.0	398.0	May	132.80	132.80	133.90	132.05
CT.	405.0 410.7	405.6	405.5	405.0	Jul	128.00	127,01	128.00	126.80
00	416.3	414.2	412.0	409.9	Sep	123.25	122.25	123.25	121,70
pr	422.1	419.9	422.8	422.5	Dec Mar	120.00	118.50	120.00	118,50
Lin .	427.9	425.7	0	a	May	120,50	117.18	118.60	118.80
LATEN	USIA 50 tre	by oz: S/tro	Y 02.		Jul	117,00	118.55	117.00	115.00
	Close	Previous	High/Low		Sep	110.00	117.00	117,50	0
þr.	565.8	531.8	561.0	535.0	SUGA		-11- 112.0	00 Ibs; cont	s/ibs
sy J	558.3	531,8	0	0		Close	Previous	High/Low	
	558.3	533.3	558.S 550.3	53T.S 540.0	May	11.99	12.01	12.17	11.76
87	561.3	587.3	562.0	550.0	Jul	11.90	11,90	12.00	11.68
pr	553.8	539.8	0	0	Ocs	11.54	11.79	11.94	11.50
·	-	y or cent	_		Jan	11.45	11,10	0	0
TER				<u> </u>	Mar May	11.51 11.46	11.42	11.54	11.92
-	Close	Previous	High/Low		Jul	11.43	11,43 11,48	11.39	11,35
PF	696.7	596.8	0	Ó					
iay Uh	526.0	569.5	395.5	667.8	COITC	XN 50,000 ;	conts/lbs		
արդ Մ	594.4 600.1	594,9 600.5	607.0	563.5		Close	Providus	High/Low	
60	811.4	811.7	617.5	811.0	May	54.78	64.30	84.80	84.50
ec.	627.5	627.7	633.5	627.0	Jul	85.64	65,25	65.95	64.10 65.10
D)	632.7	632.9	0	0	Oct	64.91	64.95	65.30	64.60
ar	643.9	643.9	645.9	645.9	Dec	64.20	64.32	64.50	63.95
ley ul	654,7 685.8	654.5	655.0	655.0	Mar	64.50	64.30	85.00	85.00
	0020	665.5	655.0	655.0	ORAN	GE JUNCE	15,000 Hos;	Cente/lbr	
HDK	23				_	Close	Previous	High/Low	
REUT	ERS (Bas	e: Septem	ber 18 1931	= 100)	May	167,70	168.90	168.75	182
-	Apr 12	Apr 11	math ago		Jul	170.70	171.60	171.25	167,70
		-	_		Sep	167.60	168.50	165,25	167.50
	2020.3	2017.0	2012.2	1732.6	Nov	167.50	158.05	155.00	167.50
DOW .	IONES IB	ase: Dec. :	31 1974 =	100)	Jan Mar	154.50	155.25	155.00	154.05
ipot.	137.30	137.09	135.70	129.50	May	153.75 153.75	154.50	0	0
	\$ 137.91	137.26	141.59	132.53	Jul	153.75	154.50	0	0
				100-00		and a star	104.00	-	4

156.90 171.60 188.65 155.25 154.50 154.50 154.50 154.50

151.75

COPPER 25,000 lbs; cents/lbs

Chicago SOYABEANS 5,000 bu min; conta/6010 Prendous Nigh/Law Cicee 727/0 758/0 736/2 726/0 720/6 729/6 736/0 745/0 729/4 741/0 740/4 729/4 729/4 723/4 732/0 741/4 722/2 733/4 734/0 722/4 717/4 720/4 736/4 736/4 727/4 Jui Aug Sep Nov Jan May 738/0 725/6 721/4 731/9 740/0 748/0 SOY EAN OIL SO.000 Ibe cents/lb Close High/Lon Pre 22.24 22.84 23.15 23.42 23.63 24.05 24.27 24.80 22.43 22.45 22.19 22.79 23.69 23.55 23.60 23.96 23.96 24.18 24.70 23.06 23.34 23.58 23.75 24.18 24.30 24.80 23.03 23.54 23.59 23.80 24.21 24.41 24.82 SOYABEAN MEAL 100 IONS; S/ION Close High/Lo Prev 224.7 223.7 221.7 219.5 917.3 216.0 215.1 215.5 224,4 223,2 221.5 219,4 217,2 215,7 215,4 May Jul Aug Sep Oct Dec Jan Mar 275 224.5 222.5 220.0 218.0 222.1 220.5 218.9 218.9 216.0 215.0 216.5 276.5 276.6 215.0 2154 216.0 SAARTE 5,000 bu min; ce to bushe Clote Prevà High/Los Mary Jul Sep Dec Mar Mary Jul 208/6 209/6 252/4 261/6 267/6 259/0 270/6 269/6 269/6 263/6 262/6 262/6 252/6 259/4 271/4 273/0 266/6 265/0 261/2 250/0 266/0 266/0 268/0 267/6 268/0 262/2 269/2 270/6 272/2 WHEAT 5,000 bu min; centa/60ib-bushel Close Prev High/Low 498/8 398/6 404/4 416/4 422/0 416/0 Mary Jul Sop Goc Mar May 402/2 303/2 400/4 412/4 418/0 414/0 408/0 397/4 404/4 416/4 403/0 403/0 395/6 402/2 414/4 420/0 415/0 422/0 416/0 LIVE CATTLE 40,000 Pbs; o High/Lov Apr 75.87 76.45 76.60 75.85 70.85 67.35 68.10 68.87 70.00 70.00 71.55 71.25 Jun Aug Sep Oct Dec Feb Apr 70.87 70.75 67.47 68.10 68.52 70.00 68.55 68.00 70.20 70.60 70.70 70.30 LIVE HOOS 30,000 lb; cent Close Prev High/Lo 40.12 45.80 46.57 45.52 41.75 43.50 44.60 43.90 39.95 45.85 46.80 45.22 41.72 43.55 44.65 43.70 Apr Juli Juli Aug Oot Cec Feb Apr 40.35 46.00 46.50 45.70 45.45 41.65 41.65 41.65 41.55 45 60 41.95 43.50 44.85 43.90 167.70 170.50 167.50 167.50 154.05 POR BELLES 40,000 PM: cente/ib Close Provid High/Lo May Jul Aug Feb Mar 33.05 53.52 52.90 47.15 46.50 33,55 33,55 33,10 48,95 46,55 33.14 33.65 33.85 33.40 47.35 46.66 33.47 32.65 46.55 48.25



FINANCIAL TIMES



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Increased safety of the Gulf sealanes, an easing of regional tension and stability in oil prices have

helped to create a mood of

confidence among businessmen. The talk in the emirate is now of diversifying the oil-dependent economy, writes Victor Mallet

The economy gathers pace

A YEAR AGO the Gulf war between Iran and Iraq was beginning to make itself felt in the United Arab Emirates in a manner that could no longer be ignored. Ships had struck mines close offshore in 1987, and in April 1988 an Iranian gunboat attacked the Sharjah emirate's Mnbarak oilfield, temporarily shutting down the installations and echoing an Iranian attack two years previ-ously on Abu Dhabi's Abu al-Bukhoosh field.

The Gulf war ceasefire in August was therefore of imme-diate benefit to Abu Dhabi, the richest and largest of the UAE's seven emirates and home of the federal capital. The easing of regional tension and the increased safety of the Gulf sealance, combined with a period of relative stability in oil prices, has helped to create a confident mood among businessmen and members of the ruling elite.

Abu Dhabi is a society almost entirely dependent on exports of oil and gas. With the resulting imports of capital goods, consumer products and foreign expertise, it has been transformed in less than a gen-eration from a desert sheikh-dom into a thriving, free enter-

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2,000 inhabitants. "A large cas-tle dominated the small dilapi-dated town which stretched along the shore. There were a few pains, and near them was a well where we watered our camels," he wrote in his book Arabian Sands. "Then we went

ver to the castle and sat outside the walls, waiting for the sheikhs to wake from their afternoon slumbers." Thirty years later he returned. Remembering the harsh beauty of life in the desert before cars and skyscrap-ers, he found the transforma-

tion appalling. Abu Dhabi, he wrote, was an Arabian night-mare, the final disillusion-

Few of its inhabitants would agree, although they might concede that the city is a place of unabashed modernity, delighting in its office blocks and garishly-lit fountains along value.

the Corniche. Sheikh Zayed bin Sultan al-Nahyan, the 73-year-old ruler of Abu Dhabi and President of the UAE, was once in charge of the Eastern Region. He took Mr Thesiger on a falconing

expedition from the Buraimi Oasis 40 years ago, but their views on the benefits of development differ markedly. In 1966 Sheikh Zayed became ruler in place of the deposed Sheikh Shakhbut (his older and more old-fashioned brother who died in February this year) and has since pursued a vigorous policy of modernisa-tion In the strictest commercial

In the strictest commercial sense not all the money is wisely spent, but there is plenty more where it came from. Sheikh Zayed has led the way in the UAE in encourag-ing agriculture and the plant-ing of trees to "green the des-ert", an endeavour which either uses costly desalinated water or depletes underground aquifers. Buildozers are hard at work flattening the sand dunes for more planting around Liwa, near an empty four-lane high-way which serves the area's small villages. small villages.

It is also true that competition rather than co-operation is often the rule between the different emirates, and the UAE has a plethora of ports and airhas a network or ports and an-ports. Abu Dhabi, with its pop-ulation of some 700,000, will shortly have its second inter-national airport st al-Ain -

the sixth in the UAE. The Abu Dhabi economy, lacking Duha's long-standing involvement in trade and re-ex-port by the merchant commu-nity, is essentially dependent on government spending – and government spending depends on oil revenues. Since 1981, the UAE's oil and gas income has been more than halved by falling prices, and consolidated government reve-nues have dropped by more

than 60 per cent. In Abu Dhabi, the main oil producer in the UAE and the source of most of the federation's money, capital projects suffered while current expenditure was maintained by means of local borrowing and a drawdown of reserves.

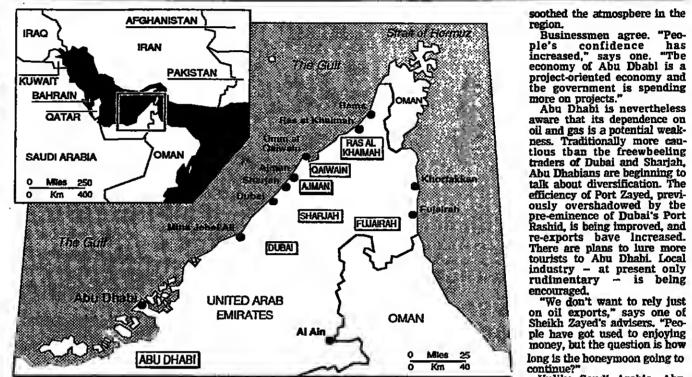
This year, however, the over-all climate has improved. A small boom in construction is under way, fuelled by the replacement of decaying buildings thrown np in the first flush of Abu Dhabi's wealth two decades ago, and by the coming of age of younger sheikhs keen to invest in prop-erty. There are other signs of economic strength. Rents are rising, visa applications from foreigners have increased, and the shares of some Abu Dhabi companies have doubled in "Business is picking up,"

says Mr Saleh Rashed al-Dhaheri, Director General of the Abu Dhabi Chamber of Commerce and Industry. "The price of oil is becoming more stable. That will enable us to plan better for future projects." The Guli war ceasefire, be says, has



mood welking along A resident of Abu Dhabi in cou the beach with the

ABU DHABI **United Arab Emirates**



CONTENTS

37

Banking Agriculture of Abu Dheb

Al-Nahyan family tree Profile: Shalkh Zayed bin al Nahyan

KEY FACTS

Population: 670,000 (1985) Area: 67,350 sq km Ruler: Sheikh Zayed bin

Sultan al-Nahyan, President of the United Arab Emirates (Dh) = 100 fils

Current exchange rate: \$= Dh3.67; f = Db6.23 (April

Crude oil output: 1.2m b/d oil reserves: 92bn barrels (end 1987) natural gas reserv

180 trillion cu ft Major imports:

machinery/transport equipment 47.2%; basic manufactures 15.73%; food and live animals 15.18% All figures 1987 unless stated

otherwise

Dhabl has not yet attempted to become a major exporter of petrochemicals. Instead, like Kuwait, it has used oil income from the good years to buy for-eign investments which can provide a cushion when times are bard in the oil business. The Abu Dhabi Investment Authority is thought to have about \$40bn in assets.

The problem with the establishment of any local industry is that it generally means importing more foreign labour. Abu Dhabi is easy going and welcoming to foreigners, but it is understandably reluctant to see it own powerlation over Businessmen agree. "People's confidence has increased," says one. "The economy of Abu Dhabl is a project-oriented economy and the government is spending more on projects." Abu Dhabi is nevertheless see its own population over-wbelmed. Already three quaraware that its dependence on oil and gas is a potential weak-ness. Traditionally more cau-tious than the freewbeeling ters of the inhabitants and more than 90 per cent of the workforce are foreigners, many of them from the Indian sub

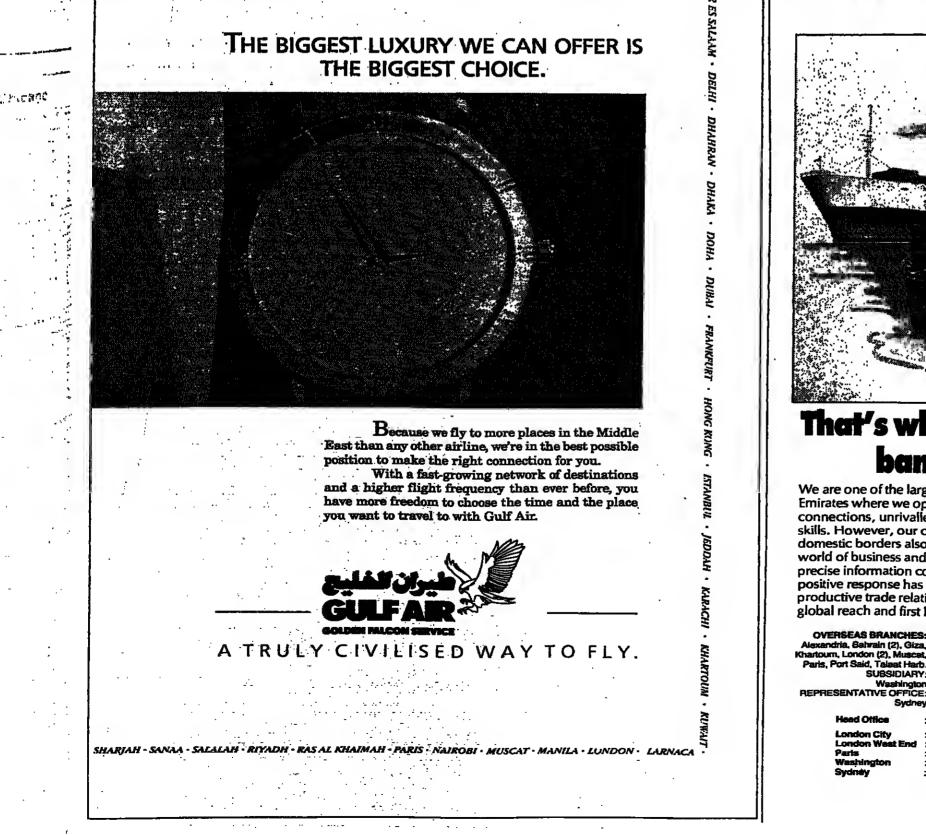
continent Abu Dhabians are among the world's richest people, but their numbers are rspidly increasing and they will even-tually have to take more than

the most senior jobs. With this in mind, Sheikh Nabyan bin Mubarak, the young Oxford-educated Chan-cellor of the UAE University st al-Ain, is working with his colleagues to push the majority of students away from the arts and towards technical subjects. Higher colleges of technology are being set up all over the country for the same purpose. Sheikh Nahyan sees too many sociologists and historians for

Unlike Saudi Arabia, Abn **Continued on Page 4**

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ABU DHABI 2

Victor Mallet on the petroleum sector

Search for new outlets

Or. Quota, my worries over you Are in my inner depths engraved.

38

In all my meetings you appear As a bomb fitted with a time fuse. In you we disclose some figures

In secret notes, we hide others. His words may have lost something in the translation from Arabic, hut so wrote Dr Mana Said al-Oteiba, poet and Petroleum Minister of the United Arab Emirates, about a meeting of the Organisation of

Meeting of the Organisation of Petroleum Exporting Countries (Opec) in 1982. Seven years later, the wor-ries remain. In November the UAE won a small Opec quota increase of 40,000 barrels a day, taking its official production limit up to 082 000 bid That taking its official production limit up to 988,000 b/d. That compared with actual output of 2m b/d - or more than double its quota - at the end of last year, and with public demands from the UAE for a quota of 1.5m b/d to match its substantial reserves.

The UAE is a chronic over-producer within OPEC, although it has begun to curb its output in the first three months of this year following

the latest Opec agreement, pos-sibly to below 1.5m b/d. Whenever the UAE cuts its production, it is Abu Dhabi which bears the burden. The emirate has 95 per cent of the country's oil but only accounts for about two thirds of its current production. Most of the rest of the output comes from Dubal, which traditionally produces as much as it can, ignor-ing Opec appeals and pleas from Abu Dhabi.

Abu Dhabi can at least take comfort from the fact that It will have plenty of oil for decades to come when Dubai's reserves are long gone. In com-

mon with other Opec coun-tries, the UAE has drastically – where previously there were - where previously there were three times as many. If it revised its recoverable reserve sticks anywhere near its Opec figures. Abu Dhabi's estimate quota, the UAE has plenty of has tripled to more than 92bn spare capacity, and little explo-ration work is being done in barrels, and Dubai's bas doubled to 4bn, to increase UAE leverage within Opec and to Abu Dhabi. In the immediate future, the take account of worldwide technical advances which most likely developments are the de-mothballing of the diffi-cult onsbore Bab field (which allow higher recovery rates from known reservoirs. Abu Dhabi has also doubled its figcan produce more than 20,000 ure for gas reserves to reach b/d of oil as well as associated gas) and a decision to develop an offshore gas field to secure supplies to the Abu Dhabi Gas more than 180 trillion (million

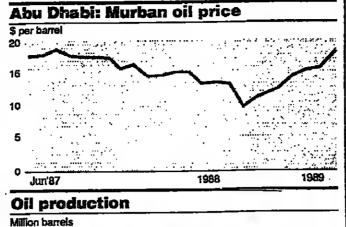
million) cu ft. More important in the short Liquefaction Company (ADGAS). term is Abu Dhabi's decision to reorganise and centralise the administration of its petroleum produced onshore by the Abu Dhabi Company for Onshore Oil Operations (ADCO), which sector. In June last year an 11-member Supreme Petroleum Council (SPC) was established to replace toe old Petroleum is 60 per cent owned by the state through ADNOC. The other partners are BP, Shell, Total CFP, Mohil, Exxon and Department and the hoard of the Abu Dhahi National Oil Company (ADNOC), which had ill-defined and overlapping areas of responsibility. One effect of the changes,

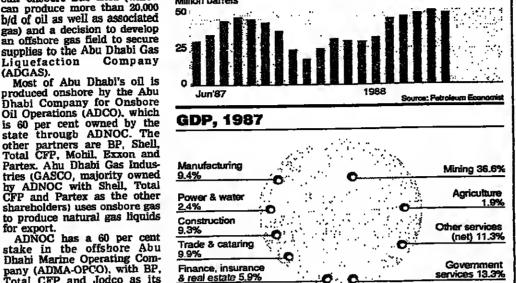
tries (GASCO, majority owned hy ADNOC with Shell, Total CFP and Partex as the other which have been welcomed by Ahu Dhabi's foreign partners, has been to increase the influ-ence of the highly respected US-educated Mr Suheil alshareholders) uses onsbore gas to produce natural gas liquids for export. Mazrui, now general manager of ADNOC and secretary gen-

Prince.

ADNOC has a 60 per cent stake in the offshore Abu Dhahi Marine Operating Com-pany (ADMA-OPCO), with BP, Total CFP and Jodco as its eral of the SPC. In Abu Dhabi oil affairs Dr al-Oteiba has been sidelined by partners. Also offshore is the Zakum Development Company which operates the buge but difficult Upper Zakum fielo, developed at the high cost of some \$5bn. the recent changes, hut he remains responsible for Opec affairs and is an SPC member. The SPC is chaired by Sbeikh Khalifa, the Abu Dbabi Crown

ADGAS, using offshore associcted and non-associated gas, exports liquefied natural gas After a period of belt-tightening caused by the low prices of recent years, the Abu Dhabi oil and liquefied petroleum gas from its Das Island Plant. industry is going through a period of consolidation. Early in 1989 only 11 drilling rigs ADNOC is the majority share-holder in ADGAS, with BP, Total CFP and Mitsui holding were operating onsbore and the rest. offshore - mostly oo mainte-





Mr Khalifa Mohammed al-Abu Dhabl has a ready market for its crude oil and gas in Japan and elsewbere. However, Shamsl, IPIC's managing direc-tor, says that any investment it has now begun to consider the possible advantages of adding value to its production is conditional on the company concerned reaching a crude oil supply agreement with ADNOC. "We are looking for with petrochemical plants and an alternative secure outlet for part of Abu Dhabi's petroleum exports," he says. "We bave refineries, at the same time as making downstream investexports," he says. "We bave quite a lot of offers from vari-

So far the emirate has moved cautiously. It has a fertiliser complex, and two refineries with a total capacity of just under 200,000 h/d, some of which is for local consumption. There are no immediate plans for any more such projects at home

ments.

exports.

经济的 化过滤过度 金 法 网络银行 网络银行

The new headquarters of the Arab Monetary Fund in Abu Dhabi's banking sector

BANKING

clash of interests

A YEAR ago, bankers in Ahu Dhabi thought that their long-running problems with the legality of compound interest were about to be resolved. They bave since discovered

that they were wrong. In the latter half of 1987, the matter of interest was addressed in two Commercial Banking decrees - No 3, signed hy the ruler, Sheikh Zayed bin Sultan al-Nahyan, and No 4 signed by the Crown and No 4, signed by the Crown Prince: Sheikh Khalifa. The first stated that in the event of and is much more likely to

main reason for the delay is that in the eyes of the ruler, banking technicalities proba-bly do not seem very impor-tant, especially when society around him seems so prosper-ous. There is no doubt that he is encurrant to hold to this account, excluding interest debits, minus total credits. This is extremely disadvantageous to the banks. If a borrower has had an overdraft for a year and towards the end of this time has repayed most of the principal, it may be that his bank's claim for outstandis encouraged to hold to this relaxed view by some of his relations, who have considering simple interest at 9 or 12 able sums owing to the banks. In the face of these difficul-ties, for several years the per cent will come to more than 50 per cent of the anre-paid principal. The problem becomes much more severe, banks in Abu Dhabi have

Abu Dhabl, at present, is exceptionally liquid, following the payment of several hundred million dollars of property dred minion donars of property compensation at the end of last year. The money has gone to people who are having their old, mostly shabby and well amortised, buildings demol-ished to make way for the city's new wide roads.

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FINANCIAL TIMES FRIDAY APRIL 14 1989

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The movement of these funds to Dubai is particularly profitable for the major foreign banks, which pay one or two per cent less for deposits than the leading local banks and 3

Origin of imports Destination of exports 15.7% Japan 20.8% UK 10.9% 10.4% W. Germany 8.6% 5.0% UŞA 5.8% France 5.3% 3,4% Italy 3.5% 4.2% Korea 4.4% Oman 3.7% Singapore and the second Source: EU

Exports & imports, 1937

The International Petroleum Investment Company (IPIC) was formed in 1984 to make investments abroad. It is looking at about 15 proposals, but its only purchase so far is 12 per cent of Compania Espanola de Petroleos, a Spanish refining company, which gives Abu Dhabl an outlet for some 60,000 b/d of its crude oil

ous countries, but we are very selective.

Source: ERU

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a dispute over a loan, the rate of interest agreed in the origi-nal contract would apply up to the time of a suit being filed. Thereafter, the rate would be 9 per cent flat. This seemed clearly to endorse the principle of compound Interest, assum-

> Within Abu Dhabl, banks are very under-lent. Much of the money they borrow in the state they lend in Dubal, where they find the legal system more

ing that had been part of the

favourable

original contract. The second decree stated that in no case should interest exceed 50 per cent of principal. Given that in the Arabian peninsular most leading is made in the form of overdrafts, this seemed bound to cause enormous complications. Both the first and the second decree took for granted the legality of simple interest, at 12 per cent for corporate borrowers and 9 per cent for individuals, in accordance with a Federal Supreme Court decision of 1981.

In the months after publica-tion, it was thought that the partial contradiction between the two decrees would be resolved by the first law applying up to the date of judgment of a case and the second between indgment and settlement, in which time interest charges would be extremely unlikely to grow to anywhere near 50 per cent of the sum outstanding.

Bankers were further reas-sured by a decision - which bas stood - that banking disputes should go before the civil rather than the religious, Sharia, courts. The civil courts are no quicker than the reli-gious ones and they are just as liable to postpone cases at the request of defendants. But their proceedings are more organised and they do at least accept the idea of the legality of interest. As it has turned out, to the

great disappointment of bank-ers, it is the second decree of 1987, No 4, that has come to be the dominant one. The first has been largely ignored. The problem raised by the

second decree revolves around the definition of principal. Normally, the definition has been that it is total debits to an

arise, if an overdraft has been running for several years. There is a case still in the courts of a Jordanian-owned contractor, Cicon, which is suing its banks, Grindlays and Paribas, for the repayment of compound interest on overdraft facilities going back to 1968 and 1974.

It is accepted by bankers that the ruler, Sheikh Zayed, and his Chamberlain, Sheikh Surour, who is also chairman of the central bank, not to mention the central Bank offi-cials themselves, realised that eventually these anomalies would have to be resolved. The paid are higher.

become increasingly cautious in their lending. The default cases they have in the courts or 4 per cent less than the almost all concern loans made in the early and mid-1980s. Within Abu Dhabi, banks are very under-lent. Much of the

smaller local and Iranian banks. Few doubt that the bigger local institutions are ger local institutions are secure – they are virtually underwritten by the govern-ment – but the foreign banks' history in the recent past has been less controversial. Their discretion – given that they do not have local directors who might have an interest in knowing about competitors' businesses' – is regarded as very under-ient. Much of the money they borrow in the state they lend in Dubai, where they find the legal system more favourable and the borrowers more sophisticated. Even though Dubai, like Abu Dhabi, is no more than reasonably prosperous – neither state has returned to anything like the boom conditions of the early businesses', --being absolute. - is regarded as boom conditions of the early 1980s - there is less surplus cash in Dubai and the rates

Michael Field

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ABU DHABI 3

This did not seem a very practical idea at the time. Ahu

Dhabi not only had no modern

the country 45 per cent self sufficient. The emirates easily

catch as much fish as thay

consume, 85,410 tonnes last

year. Fishing is entirely

In al-Ain locally produced

DEFENCE Arsenal yet to be fully tested

ACCORDING to the UK-based International Institute for Stra-tegic Studias' annual esti-mates, the United Arab Emirates possesses à sophisticated array of modern armaments but only modest armed forces.

Earlier this year the UAE signed a deal with France to purchase an unspecified num-ber of Crotale aurface-to-air missiles. It also has Hawk missiles with 30 improved launchers, and Rapiers. The emirates are also expected to announce soon tha conclusion of an agreement, again with France, for the purchase of 36 of the new Mirage 2000 jet fighters. At the moment the UAE has

Mirage 5AD ground-to-air fight-ers as well as some British fighters. The army, which is organised into armoured, mechanised and infantry brigades, possesses heavy French AMX tanks as well as 80 Scorpion light tanks and some ferret scout cars, 105mm and 155mm towed artillery units and 120mm mortars. The navy has 15 patrol and coastal combat ve

The UAE is a heavy defence spender. At times about 40 per cent of the federal budget has cent of the federal budget has been consumed by defence expenditure. The figure is imost certainly lower now, although Ahu Dhabi is con-

stantly re-couloging. Abu Dhabi does most of the purchasing, deducting the cost of the hardware from its supposed contribution to the fed-eral hudget. Dubai, with its independent streak, has built up its own not inconsiderable infantry brigade. Defence has always been a

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major preoccupation for the UAE. Although the British Government announced well in advance its decision to withdraw all its forces from the Gulf by 1971, ahead of the creation of the federation, the emirates' rulers nevertheless 'ests felt vulnerable, having taken the British prasence for granted. This factor contrib-

Abu Dhabi

Oubal

Sharjah

TOTAL

1.1

uted to the establishment of the seven-emirate federation. The setting up of boundaries in the new stata was made in the new stata was made more difficult by the nomatic nature of the bedn population. British agents had to go around laboriously asking tribes where they considered their territories ended. The result is that aven today the

result is that even today the boundary map looks like a complicated jigsaw. The boundary divisions are also important because over the years they have provoked disputes between the emirates, particularly Abu Dhabi, on the one hand, and Oman, Iran and Saudi Arabia on the other.

The Iran-Iraq war was another factor contributing to unease in the UAE. The counbushes. try never took sides in the con-flict, unlike Kuwait and Saudi Arahia which linad np unequivocally behind Irag. Defence has thus become

such a priority that according to one European defance attaché, the "UAE has probably got more armaments than it can usefully use".

Despite its fears, the UAE does not seem to have carried out a full risk analysis, It is not clear, to western observers at least, how the large arsenal blends with the untested 40,000 strong army which appears better suited to fight in open territory against armed colupons rather than any sort of

insurgency. The supreme commander in chief of the armed forces is Sheikh Zayed bin Sultan al Nahyan himself. His son, Crown Prince Sheikh Khalifa bin Zayed is the deputy

supreme commander. . The army is a volunteer force and probably half of it is made up of foreigners, notably Moroccans. There are also many Jordanian and Pakistani officers, largely working on contract but few British officers, unlike in Oman's forces.

3rd gtr

24.233

23,956

329,910

378,100

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NON-OIL EXPORTS (Dh '000)

2nd gtr

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340,498

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383,878

Dubal, Abu Dhabi Gov

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1st otr '87

17,665

288.519

332,560

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Stewart Dalby

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49,461

359,790

30,788

440.039

mer: Sharjah Customs Department

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trian and a transferration of the

WHEN visitors travel to Abu WHEN visitors travel to Abu Dhabi, they see no sign of an oil industry, unless they drive into the desert or go offshore. They see little evidence of great personal wealth, and they certainly do not see cam-els or tents unless they look for them.

Instead, they are most impressed by large areas of grass, flowers, trees, sprinkler systems and fountains - made extra green in places by being floodlit at night. Much of the drive into town at night could be mistaken for the route from the airport in Singapore. The view is one of tropical trees, pink flowers and deeply-cut, litter-free grass.

Dhahi not only had no modern buildings — it was composed of a coral fort, some similar houses and a collection of Dar-asti huts — it also had no plant life apart from a few palm trees. Its soll was sakka — sandy saliflat on top of coral rock. It is the infertility of Abu Dhahi, which has much less The idea of greenifying Abu Dhahi is entirely Sheikh Zayed bin_Sultan_al-Nahyan's, the UAE President and Ruler of Abu Dhabi. Before he became ruler in 1966, Sheikh Zayed was governor of the al-Ain Dhabi, which has much less s, and there he conceived a natural potential for cultivagreat love of green things that is very typical of desert Arabs. It is said now that when he is in the desert he instructs his tion than Riyadh or Bahrain, which make the new garden cities so extraordinary. Within the municipality area driver to avoid running over

on Abu Dhabi island there are now 1,370 hectares of grass and woodland, and in 10 years' When the British pushed him into replacing his brother, time there will be half as much

who had been refusing to spend his oil revenues on development because he feared again. Outside the municipal-ity, in the western region of the state, which excludes the bevelopment because he feared his new wealth would be short-lived, Sheikh Zayed promptly decided to invest part of his fortune on introducing al-Ain's greenness to the rest of the state. al-Ain/Buraimi oasis, there are 100,000 hectares of agricultural land and forest.

In the desert, where affores-tation is used to stop aand encroaching on roads and villages, the trees are fed by well water enriched by fertiliser. With this they grow well on the sand.

cial soil has to be put down. For grass and flowers this is 45 cm of desert sand, with the top 10/15 cm being mixed with compost. Bushes and trees need between 70 cm and 80 cm of sand.

The municipality now runs its own compost factory which uses garbage, grass clippings and leaves, and adds to them the real fertiliser from the plant at Ruwais. In the early days compost/manure was imported from India, hut this

post having sometimes to be used within two months of manufacture. If it is older, it is odourless. The plants that grow well on municipality soil are typical hot country urban plants – various varieties of Bermuda

Michael Field on the changing face of the emirate

Skeikh Zayed's green revolution

grass, hollyhocks, marigolds, petunias, bougainvillaea and In Abu Dhabi city, an artifioleander. Individuals are given free plants, as well as soil, and the municipality will send advisers to private houses, if requested, and teams of planters to mosques and schools. In Abu Dhabi town, munici-

pal green areas, mostly fed by automatic sprinkler systems, consume 23m gallons of water a day. Contrary to popular belief, this is not desalinated sea water; it is "treated" water, recycled from sewage. The human consumption of water

has now stopped. The rather strong "agricul-tural" smell one sometimes (desalinated) in the town is several times that of plants and trees notices in the green areas of Some 4,000 gardeners, three Abu Dhabi comes from com-

per hectare, are employed by the municipality. The forests outside the town are ettended by one labourer for every 20

The cost of the wbole programme is difficult to calcu-late, hut, given that compost and aewage treatment plants are ona-off investments and the wages of Baluchi gardeners are low, it is probably less than people imagine. In the desert, where there are fewer operations involved, the cost per tree is easily established from the amount the autborities pay forestry contractors. During the first three years of a tree's life the cost, including planting, is a bit under £20 about £6 a year.

There is obviously little point in trying to judge whether greenification is wortnwhile, because anyones

the water table drops, so the been 10 times thet of replace-ment. anthoritics will have to re-evaluate their policy. Already there are plans to pipe desalinated water in from the coast.

The government of Ahu Dhahi wants to expand Its agricultural base. This is not just hecanse of the stated reason of having "food security", hut also probably because it gives many native Abu Dhabians an Interest and vocation. Abu Dbabi still bas money to spend despite the fall in the oil if the groundwater reserves price and it sees no reason have been underestimated by a factor of two, exhaustion would be delayed by only six why it should not use it to

		A	GRICULTURE		
Trapped	in	a	familiar	cleft	stick

WE ARE not like Saudi Arabia, we do not believe in producing wheat at three times the market price," says Mr Saeed al Raghabani, the UAE Federal Minister of Agriculture.

ft is true that the UAE pro-dness only a small amount of wheat and imports the rest of its needs, much of it from Australia, But when it comes to other agricultural activity the country finds itself in the same cleft stick as several other Gulf states. If it wants an agricultural industry -and it does - it can only really achieve one, given low rainfall, arid soil and scarcity of natural water, at uneco-

nomic costs. This is not immediately vegetables are cheaper than apparent to the visitor to the equivalent imports, even after their 50 per cent mark-np. Dried fish is very cheap, emirates. The UAE is now self-sufficient in winter vegetables, producing 160,000 tonnes of tomatoes, cucumspring onlons cost Dh2 a kilo, tomatoes Dh1.25, sweet potahers. onions, sweet potatoes, toes Dh2, and eggplant Dh4. cauliflowers, egg plant and so on. Among fruits it produces

But at what cost are they produced? So keen has the dates, strawberries - most of government been to develop which are exported - mangoes agriculture and draw farmers and some citrus fruits. into feasible sectors that It has Having produced 164m eggs offered lavish subsidies. This last year the country is 70 per has had a severely debilitating

Sec. 17

And the Constant of South and

cent self-sufficient in eggs. effect on scarce water Poultry production totalled resources. 12,398 tonnes in 1898 making

Under the government's incentive package, the number of farmers has increased rap-idly. Last year there were 18,265 compared with 4,000 in the early 1980s. The cropped area today is put at 42,000 the araa ertificial mated at e Federal ture says to 70,000 armed if

ilable. the land (and they have to be native Abn Dhabians) the land is given either free or at a knockdown cost. When the farmer is settled, seeds, seedlings and pesticides are given free. The first irrigation pump and engine are also given free of charge and further purchases

are subsidised. There are at least 15 gov ment-owned centres aro al-Ain which have trai agronomists offering advice farming techniques and tection from diseases. The perment is also looking at problem of marketing produ particularly tomatoes. Such was the wastage that the Gov-ernment built a plant to pro-duce tomato paste. The anthorities will have to find ways of improving marketing, espe-cially in moving goods from farms in al-Ain to Abu Dhabi. But above all it is the rap-idly dwindling supplies of water from the al-Falaj system and from underground which form the main constraint. The farming expansion in recent years led one foreign agricul-

UAE IMPORTS (Dh '000) (including goods bound for other emirates) 1st gtr '87 2nd atr 3rd otr 4th gtr 1st gtr '88 2nd gtr Abu Dhabi 1,215,556 1,418,569 1,275,143 1,686,89 1,750,151 1,412,218 Dubai 4.332.461 4,954,903 4,788,092 4.796.603 5.232.373 5.676.145 Sharjah 540.543 554,055 468.888 495.706 485.940 683.554 TOTAL 6,088,560 6,927,523 6,532,124 6,979,205 7,468,464 7,771,817 bal, Abu Dh

to seven years.

UAE RE-EXPORTS (Dh '000)								
	1st qtr '87	2nd gtr	3rd gtr	4th gtr	1sl gtr '88	2nd qt		
Abu Dhabi Dubal Sharjah	369,020 1,309,323 68,295	345,420 1,440,950 35,928	296,043 1,250,785 50,141	387,808 1,238,786 113,669	451,817 1,185,847 80,687	563,788 1,470,618 46,826		
TOTAL	1,746,638	1,822,298	1,596,969	1,740,263	1,718,351	2,081,234		

judgement of its benefit is subjective. My personal view is that It is worth every dirham. It has softened and humanised Abu Dhabi, making it not only much prettier hut also more welcoming than the other Gulf cities which are lergely tar-mac, concrete and sand affairs. The existence of trees in Abu Dhahl has led to a natural influx of hirds, from Oman, Iran and India.

39

In the opinion of Mr Mohammad Soorouri, who is in charge of greenification at the municiflowers relaxes people. "It makes them happy," he says, "and makes their soul rejoice."

He mey well be right. Ahu Dhabi is certainly a relaxing place by Arehian standards. And the fact thet the immigrant population appears hap-pier than elsewhere may be due not just to the state's relatively liberal social policies. hut to pcople heing able to walk around an attractive city, sit and picnic in its parks and wetch their children play on its grass. This is a better life than the concrete box existence which is the lot of most immigrants in the Arabian peninsula.

tural adviser in al-Ain to esti-mate thet the rate of water The aquifers are beginning to suffer a salinity problem as extraction could easily have According to a government

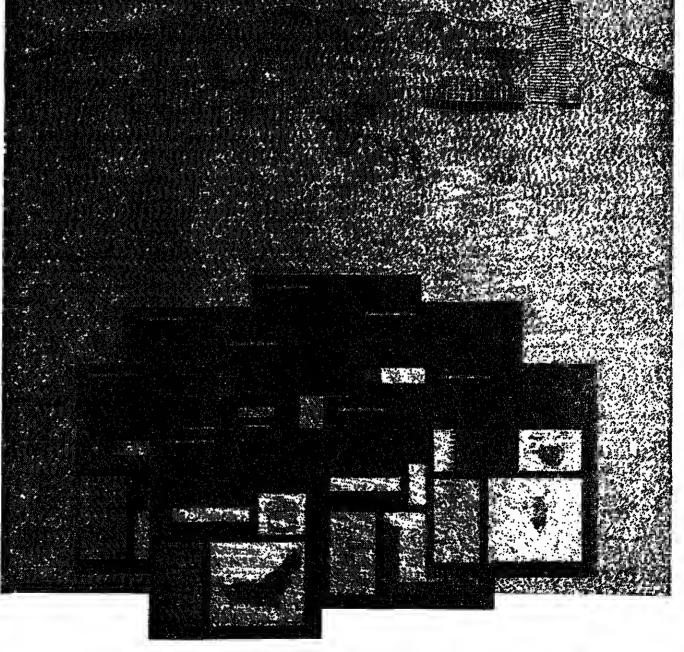
master plan on water resources in al-Ain and its environs: "It was evident even in 1983 that extractions had exceeded the rate of replenisbment for et lcast a decade and that groundwater reserves were being mined." It is estimated that water reserves will be fully con-sumed by about 1999, and even

subsidise agriculture. Stewart Dallw

inshore and largely carried out by small fleets of dhows. The industry would export fish if the marketing mechanisms existed.	area today is put at hectares (cxclnding t covering trees and a forests which is estin 171,000 hectares.) The
Virtually all agricultural production is around the al- Ain/Buraimi oases in the east- ern sector of Abn Dhabi terri- tory near the bordar with Oman. Some farming also takes place in Ras al-Khaimah	Ministry of Agricultu an additional 60,000 to hectares could he fat water were made avail To attract people to (and they have to be
and in and around Fujairah.	Abn Dhabians) the given either free or at a

Abu Dhabi Commercial Bank

FINANCIAL HIGHLIGHTS (Audited)									
(Millions of US Dollars)	31.12.88	31.12.87	31.12.86						
Total Assets	2 528	2 157	1 970						
Loans and Advances (Net) 1 389 1 192 1 104									
Placements with Banks 656 486 444									
Trading Account Securities 86 107 60									
Shareholders' funds	353	335	324						
Deposits from Banks	415	392	346						
Deposits from Customers	1 382	1052	928						
Long Term Funds	354	354	354						
RESULTS For the year ended 31 December									
Net interest income	38	31	2						
Other Income	9	7	10						
Operating Expenses	23	23	. 25						
Net Profit (Loss)	19	11 -	(18)						
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- Our paid up capital is Dh. 1,250 Million (US\$ 340 Million).	3. We provid entities with in	e interested b							
60% of our capital is held by Government of Abu Dhabi.		pportunities in	the U.A.E.						
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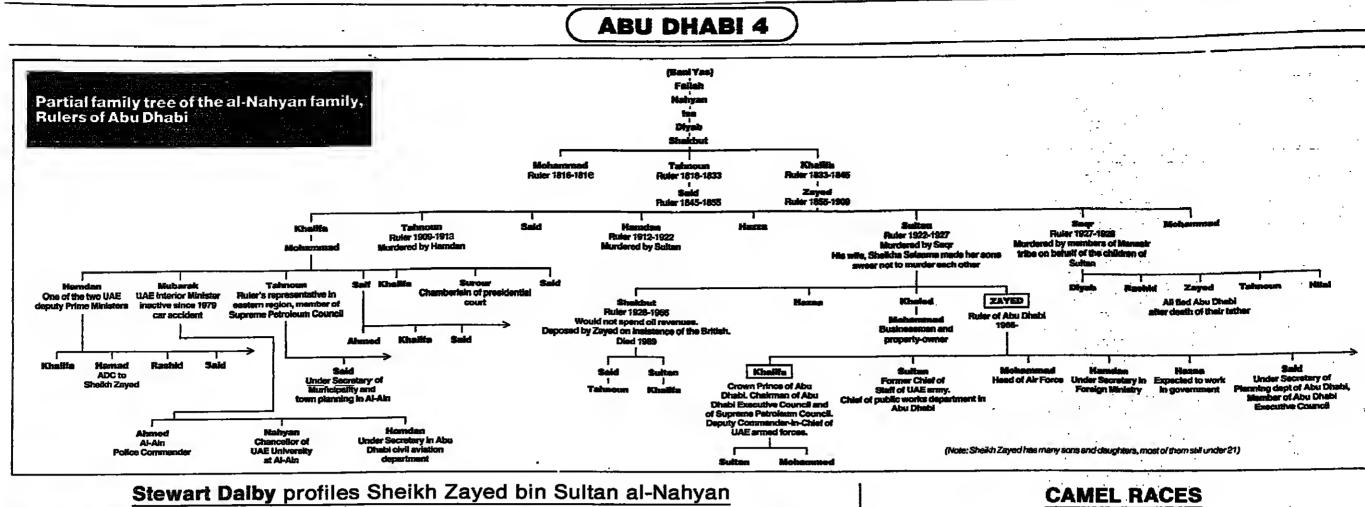
The British Bank of the Middle East

orain India Jordan Oman Qatar Switzerland tes United Kingdom



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Stewart Dalby profiles Sheikh Zayed bin Sultan al-Nahyan

ways and his friendliness and

Leader who has stood the test of time A grand national favourite utation among the Bedu. They liked him for his easy informal

SHEIKH ZAYED hin Sultan al Nahyan, the President of the United Arah Emirates and ruler of Abu Dhabi, and Sheikh Rashid bin Said al Maktoum, the Vice Presideot and Prime Minister of the federation and ruler of Dubai, have heen dom-inant figures before and since the creation of the UAE in 1971. Sheikh Rashid, now incapacitated hy a series of strokes. was known for his shrewd. commercial mind, always looking for a good deal for Dubai whether it was checking on the construction of a bridge or ensuring that as much of the country's trade as possible passed through Dubai's ports . Sheikh Zayed is known for

his efforts to form and promote the federation, and he has given it e significant voice in regional councils.

He was born in 1916 or 1917, the fourth son of Sheikh Sultan hin Zayed al-Nahyan. Sheikh Sultan himself was the son of Sheikh Zayed bin Khalifa, who reigned so long and so peace-fully from 1855 to 1909 that be is often referred to as Zayed the Great.

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Sheikh Zayed bin Khalifa's death in 1909 provoked a period of great instability and fratricidal Intrigue involving Sheikh Zayed's father and uncles. This continued until Sheikh Zayed's elder brotber, Sheikh Shakbut, became ruler in 1928. In 1946 he appointed Sbeikh Zayed as governor of the eastern prov-ince to be based in the oasis town of al-Ain.

they respected his force of character, his shrewdness and his strength. Zayed is a good judge, can sboot and knows how to fight." While it was accepted that his love of the desert and traditional ways imbued him with a certain wisdom when dealing with tribal matters, doubts The present UAE ruler's love of the desert and bedu ways is

were raised about whether these qualities, though admira-ble when Abu Dhabi was often commented on, and no olography is complete without impoverished and made up quoting the description of him in Wilfred Thesiger's Arabian almost entirely of semi-nomadic bedu, were adequate to

"He is a powerfully huilt man of about thirty years with a brown beard. He has a strong oversee e modern oil state. What appraisals of Sheikh Zayed often overlooked, however, is his long epprenticeship intelligent face with steady, observant eyes and his manner as an administrator during periods of great austerity. Although Sheikh Zayed has was quiet bnt masterful. He wes distinguished from his companions by his black rope not been formally educated, he and the way he wore his cloth falling about his shoulders can read and write and is said to be e great lover of poetry. instead of twisted around his Around the time of his acce head in the local manner. He sion to the governorship of the wore a dagger and a cartridge belt, his rifle lay on the sand beside him. He has a great rep-

Eastern Province, the region's pearl diving industry, then vir-tually Abn Dhabi's only source

the start Sheikh Zayed

1990

of income apart from subsistence agriculture, was in terminal decline. It was a period of great hardship. Shelkh Zayed spent his time trying to make ends meet, attempting to dis-lodge money from his frugal brother to repair the Falai irri-gation system, to build schools which he considered necessary, and to improve woefully inadequate health facilities.

When the oil money began to flow in the early 1960s, Sheikh

Shakbnt was reluctant to spend it. He felt that oil money would destroy the old ways and break up the tribes. The people wanted him to spend the money and so did the British, who were still a power in the land. As a result, Sheikh Zayed, with the help of the British, gently replaced Sheikh Shakhut who went on to live quietly in al-Ain. He died In February this year. Sheikh Zayed had learned the value of money in al-Ain, and he began to administer and build on a grand scale. Like Sheikh Rashid be quickly

showed that he had a very good eye for a deal. Mr Abdul Rahman Ziyad, in

his biography of Sheikh Zayed entitled Zayed, A Life of Achievement, writes; "Hardly eight weeks after his accession be appointed British consul-tants to design hlueprints for a £6m welfare programme. A British consortium of town planners was given the job of constructing e 160 km dual carriageway right across the des-ert to al-Ain. A sewerage scheme, markets and sea walls (breakwaters) were ordered to the tune of £15m. Every day he had papers brought to him at the palace for an immediate eppraisal of the position ... I want to evaluate what is going on,' he used to say. This assess-

ment of progress became a daily ritual." Abu Dhabi is now a modern

THE MAIN differancas batween horse racing and camel racing are that at a camel race the beasts run slower and the crowds don't

shout Races are usually eight or 10 km in a single circuit; the jock-eys are tribesmen's children, ranging from 10, the minimum legal age, to about 14. In most races, the winner is at least 100 yards ahead of the other camels, which does not make for thrills.

Camel racing to a western is not very exciting, but it is fascinating because it gives an insight into Arabian society, and perticularly into the rela-tionship of rich and fairly poor nationals in it.

The sport has become enormously popular in the UAE and Sandi Arabia in recent years. It is a politically binding influence. The sheikhs of the ruling families of the emirates meet more often at camel races than in any other context.

The season runs from October to April. As the season progresses and the camels become leaner, stronger and faster, with better breathing rhythm, the standard of racing improves. By March, when

working on more exotic blends. Much effort goes into the there is a series of "final" races, only previous winners are being entered. medical care of camels - the elimination of camel parasites and diseases - and into ways of keeping camels fit in the Then, during the summer,

the winners go to seed because the trainers and jockeys spoil off-season. Some owners have built swimming pools for their them by feeding them too animals. These serve various purposes of exercising the cam-els' legs and their breathing, much. There is no betting, not even among friends, but there are cleaning and cooling them and killing the insects on their bod-

generous prizes, such as Toyota Land Cruisers, Mercedes water-tankars, Range Rovers and tents, donated by the sheikhs and merchants.

revival about 10 years ago. No owner charges stud fees enormous sums of money have anyone can ask a sheikh if he may breed from his male been channelled into it, mainly through the purchase of camcamel. But the tribesman can make a great deal of money from breeding winners and els from the tribesmeu. Prices for racing camels range from about £2,500 to nearly £1m. selling them. Naturally, the sport is

Michael Field

Since tha sport began its

becoming more serious and professional. The standard feed

used to be barley and dried

desert grass; now trainers in the Arabian peninsula and

researchers elsewhere are

Economy gathers pace supposed to contribute in pro

meini of Iran for his death **Continued from Page 1** his liking. The UAE, he says, is

not a debating society. In foreign policy the UAE, with Sheikh Zayed at the helm, has maintained the careful bal-ance required by its position urgency. They centre on the loose nature of the UAE Feder-

threats. At home the political issues in Abu Dhabi continue to be debated - in private again -with no particular sense of

portion to its revenues, but the smaller ones are poor and the. richer ones_do not disclose their oil income. They also spend money on their own and then label it as a federal expense to be subtracted from

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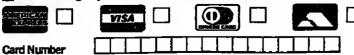
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state. There are roads, airports, green flower beds and parks along the well-planned Cor-niche Road. Although some of the spending would be hard to justify on a purely commercial basis, the emirate's resources are still considerable. Sheikh Zayed will probably be best remembered for his

role in the creation of the UAE federation. When the British

Shelkh Zayed will probably be best remembered for his role in the creation of the UAE. When the **British Government** announced its

Intention to withdraw from the Gulf in 1971. he saw the need for the disparate

shelkdoms to club together for collective security

government announced its intention to withdraw from the Gulf in 1971, Sbeikh Zayed saw perhaps more clearly than oth-ers the need for the disparate sheikdoms to club together for

collective security. He has doggedly held the federation together, using Abu Dhabi's wealth when necessary to persuade, cajole and keep in line the smaller and poorer emirates. It is not always easy. Dubai has consistently demon-strated an independent streak and often gone its own way. Dubai has angerad Sheikh Zayed by ignoring Opec oil production quotas The federation has survived and this has enabled Sheikh

Zayed to be an active diplo-matic player in regional affairs. He avoided allenating either of the combatants in the Iran-Iraq war

Although avowedly pro-western Sheikh Zayed has allowed the Soviet Union to establish an embassy in the UAE. He has been active on the Pales-tinion constitution tinian gnestion

As one diplomat said: "Obvi-ously the man must have faults, everyone does, but I've no idea what they are and doubt whether it very much matters. For all intents and purposes he has been an outstanding and remarkable leader of his country."

Stewart Daiby

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between Iran and Arabia. On the one hand the country is a member of the Gulf Cooperation Council -most of whose members supported Iraq in the Gulf war -and on the other hand it has nurtured its historical trading

links with Iran. Foreign navies in the Gulf in wartime were frowned on, but at the same time welcomed for the security they provided. In the Salman Rushdie affair the UAE has taken e similarly cautious stand. In public, officials in Abu Dhabi are anxious to avoid the issne. In private, they criticise Mr Rushdie for blasphemy in his book *The Satanic Verses* and also con-demn Ayatollah Rubollah Kho-

ation and on what will happen when the much-admired their contribution Dubai is said to pat in Sheikh Zayed dies and his place is taken by the unproven Crown Prince, Sheikh Khalifa. There are a number of young "emirateans", and members of the educated middle classes, who believe that the tribal nature of UAE politics, the complex system of patronage, the concept of competing city states and the lack of open debate must eventually give way to a more representative

form of government. So far the Federation has muddled through, with a series of recent deficit budgets introduced retroactively at the end of the year rather than at the beginning. Each emirate is

roughly as much as it takes out, leaving Abu Dhabi to sub-sidise the smaller emirates. Apologists for the present system, deploy the axiom "If it ain't broke, don't fix it", In Abu Dhabi itself politics is e matter for discussion rather than heated argument. The fact that there is little frustra-

tion or sense of urgency among tion or sense of urgency among the general public over these matters is not merely a tribute to the mollifying effects of well distributed oll money. It is also e reflection of the UAE's suc-cess in building e sophisti-cated, relaxed Islamic society in the harsh natural and politi-cal environment of the Gulf.

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FOR THOSE WHO ARE GOING PLACES. THE ABU DHABI INTER CONTINENTAL

Activities ident to dentate only the best of the past dis and of these who serve them. That is why Kine only place to go when you've arrived they prefer to stay.

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LONDON STOCK EXCHANGE

Equities wary ahead of RPI number

Japanese discount rate could be forced higher, and by yester-

IT WAS a subdued trading session on the London equity market yesterday as investors measured the implications of the proposed Beecham-Smith-Kline Beckman merger and braced themselves for the dis-closure this morning of the lat-

est data on UK inflation. A market generally lacking support flinched at the announcement that U.K. carnings statistics for February showed an underlying rise of 9.25 per cent but soon steadied in the absence of any signifi-cant selling pressure. The rate cant setting pressure. The rate number, market forecasts are of earnings growth was for a year-on-year rise of 8 per regarded as discouraging in the market, although not far out of line with analysts' fore-ago, and matching the forecast

Sears and market gossips

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Speculation of a major stake changing hands lifted the long-dormant Sears several The initial talk was that part: of the Al Fayed brothers' 10 per cent holding in Sears had been placed with a single buyer outside the market. Later the word was that the entire stake - nearly 180m shares - had been passed on, supposedly to financier Sir Jamee Goldsmith. These unconfirmed reports were enough to send the shares immediately higher to a peak of 122%p.

Rowever, it did not take long for dealers and analysts alike to pour scorn on the story. There was no logic for the Al Fayeds' taking a sizeable loss on the stake, said one sceptical stores researcher, particularly now when a disposal of the holding would only be seen as a panic sale.

By mid-afternoon the market had tired of the story, and the Sears price slipped back to close at 121%p, a net gain of 3%. Turnover was 5.6m shares, not exceptional by Sears' standards. Although there was no official denial from the Al. Fayed camp, sources close to the brothers said any sugges-tion that the stake had been sold was "absolute rubbish".

BP pressure

Some hefty selling of BP-"old" and "new" chares boosted turnover in the latter to 7.8m and in the former to 7.7m. The share prices were badly affected, with the new off 6 at 1620, and the "old" the same amount, lower at 268% b. Dealers and analysts said much of the selling of the "new" shares represented selling by institutions and private investors unwilling to pay the final 105p a share tranche on the "new" stock, due on April The selling pressure accom-panied an official announcement from the Stock Exchange saying that the new fully paid shares would be traded sepa-rately from the existing fully-paid shares until early June when they will be marged. But INTERNE (27). AMERICANS (2) SANKS (4) Cap. Lesting. Counserbank, Sec. Paulic, 158 Channel Islands, BREWERS (1) Macalan-Glanited, Islands, BREWERS (1) Macalan-Glanited, Islands, BREWERS (2) Alto, BASE AG. Schwinig AG. STOMES (3) Daith Hidge, Goodman Gro, Summer Isl, ELECTRICALS (8) ENGMECHENE (4) Ant & Loc, Chemitag Brey Gro, Victualic, POCOF (1) Daity Ferro, NoUSTRALE (14) AM. Bridgend, Contributer Pauple, Elden AS, Hartons Do. Too Pri, ISA Isl, Jahrson Cleanath, Marillay Ind., Silenthida, Silventhines, Toys, Visasail Young (1-), INSURTANCE (3) ANG Corp. Marth Malant, Travelers, PAFERS (2) Addition Consult, Fairway (Condon), PHOPERTY (3) Five DAta Inve., Helical Basi, (W), TRUETS (27) OLIS (2) Constil Corp., Vasing (1-), INSURTANCE (3) ANG (W), TRUETS (27) OLIS (2) Constil Corp., (W), TRUETS (27) OLIS (2) Constil Corp., Hestnocert, Poddingtos. dealers pointed out that deal-ings in BP "new" in the partly-paid form will continue until 3.30pm today, after which the new Stock Exchange account gets underway. Some analysts and marketmakers were taking the view that selling by those not will-ing to put up the final cash for the stock was missing but on a good ... buying opportunity.

Account Dealing Dates Apr 17 May 5 Apr 3 May 4 May 18 Land D Mary 5 Apr 14 May 19 Apr 24 May 15 May 30

day's rise in Swiss rates. With the US trade figures for ige may take place from Inter days carlier casts.

rebruity also due today, some London market etrategists expressed concern over these renewed pressures on interna-Worries over domestic interest rates continued to focus around the prospects for today's UK Retail Price Index number. Market forecasts are tional interest rates. Some ana-lysts believe that UK rates might be held steady even in the face of 8 per cent domestic inflation but are more vulnera-ble to developments elsewhere. "We think UK rates are more

"Given the recent strong showing by crude oil prices, BP are obviously looking at a strong first quarter. And that goes for Shell, too." said one industry observer. Another heavy trading ses 1200

sion was recorded by Beecham, 1100 with 4.5m shares traded and the shares easier but volatile 1050 as traders sought the new mar-ket level for the stock. After 1000 touching 614p and 606p, the shares ended at 610p, a net 5 950

off. Analysts indicated that, bar ring new developments, both Beecham and SmithKline shares appear valued soundly at current levels where the are likely to remain until either the merger is effectively consummated or there is any clear sign that a third party intends to take a hand in the game.

Nomura suggested that its clients hold equal weightings of Beecham and SmithKline for the time being, since "in no scenario will both fall." commented Dr Erling Refsum of the pharmaceuticals team.

Notnura also drew clients' attention to another possible market play by recommending shares in Glaxo which could benefit from the merger pre-occupations at Smithkline, which makes a rival product to Glaxo's high-selling Zantac drug. Glaxo swung round from an early loss to close 6 better at 1378p on turnover at 2.3m shares.

The general market decline kept oil shares under pressure but dealers said there was some keen underlying support for the sector, helped when a number of securities houses reaffirmed their positive stances on the sector and also by the latest-improvement in crude oil prices. Brent for May

delivery was up some 20 cents after market stories that the ander market stories that the Saudis might be cutting back their supplies to Japan by 40 per cent and to Aramco by 15 in 25 per cent. Bithish Gas slipped 2 to 175p oh 4.5m; BZW says: We have reviewed Gas earnings prospects pyer the next three years and find that earning is growth had taken place today and the feeling was that perhaps a slug of Barclays were involved in will not support the dividend progression considered likely by the market. Keep holdings underweight," the BZW oil it." said one marketmaker.

by Mr Nigel Lawson, the UK Chancellor of the Exchaquer, for the peak in UK inflation for the year. Nervousness was not helped by weakness in Tokyo overnight on hints that the house The general nervousness

made for a slow day in equi-tiee, with investment fund managers always ready to sell into strength hut only willing to buy if price discounts were nffered. Most institutional investors remained unwilling to enter the market ahead of the batch of economic data, and share prices opened lower and fluctuated for the rest of

At its final reading of 2028.7, the FT-SE Index was 4.3 off, discouraged towards the end of

pared with the previous year's

share price disguised the huge

business going on," said one dealer. "A single trade of 7.5m

shares went through the mar-

ket, very impressive in this day and age, and that was fol-

lowed by some other big lumps

of stock. Persistent talk thet Abbey

National may be considering a bid kept London and Manches-ter on the boil and the shares

rose 5 more to 274p. ADT drew good business and rose 4 to 159p, although turn-

over of 11m shares was dis-

torted by a big "bed and break-fast" deal involving an shares. A good deal of the buying

again originated from the US, although several leading UK

houses have issued positive

notices on the stock over the past month. BZW researcher

Mr Robert Morton then said:

"The current rating does not

reflect the stronger halance

sheet, improved quality of earnings and the medium term potential for the main busi-

rebounded 18 to 926p, and the movement inevitably revived

ish volume and the lack of

Bargain hunting got Gran-

eculation of some impending

Rank

retail interest.

Organisation

The minor changes in the

£17.2m profit.

Prudentiel continued to FT-A All-Share Index prompt some major two-way activity in the sharee which initially edged ahead to 1730 before slipping back to end a highly active trading session unchanged on balance at 172%p. Turnover finally came out at 12m. BZW are taking a very bearish view of Prudential's estate agency husiness and are forecasting a loss of £35m for the current year, com-

Equity Shares Traded Turnover by volume (million)

1000 1000 800 600 400 200

> Feb Маг Apr

team concluded.

The smaller oil companies provided plenty of activity with Kelt Energy strongly sup-ported and finally 4 ahead at 55p. after 56p, after news of the first disposal of Carless Capel's downstream assets. Kelt won control of Carless after a bitterly contested battle at the turn of the year. Kelt has sold its Sigas liquefied petroleum gas subsidiary to Esso Petro-leum for £9.9m, a figure described as very good by deal-ers. Carless bought the Sigas business for some 25m in early 1986 and spent around £1m on

the company. The purchase by Cairn development regarding Rank-Xerox. Traders were scornful of the stories, pointing to low-Energy of Pearson's North American gas and oil busi-nesses - Lignum Oil - for \$60m in cash via a share placement and open offer was evenly received by the market and Cairn stock settled only 5 ada moving allead of e presen-tation at Smith New Court later yesterday, and the rise gathered momentum after-wards. A marketmaker spoke cheaper at 215p. Barclays alone of the clear-

ing banks edged up 5 to 431p after 4m shares change hands. "There was a suspicion that a carefully handled programme

The BZW downgrading of

Nomura pharmaceuticals team believes that share prices of both the prospective partners suggest that "neither Wall Street nor London expects a rival hid at present." However, Nomura still sees Beecham as undervalued and open to a hostile takeover attack. Industries and Costain. BCI came out with preliminary pre-tax profits of £203.1m compared with last time's £155m "tremendous results" was the

the session by a dull opening on Wall Street. Equity turn-over, still underpinned by active trading in Beecham and the nther pharmacentical stocks, totalled 463m shares through the Seaq system, against 464.2m on Wednesday. Market analysis continued to Market analysts continued to grapple with the valuation forecasts implied by the Bee-cham-SmithKline plan. The

description affered by one trader in the stock, but persis-tent profit-taking undermined the share price which eventu-ally settled a net 15 off at 543p on turnover of 2.4m. Costain fell 6 to 317p after revealing profits up from £66.2m to Worries about the continuing price war in the plaster-

board market upset BPB which retreated 5 more to 244p. "Busi-ness in Europe and North America is tough and the outlook is worsening." said one analyst. The news that Great Universal Stores (GUS) purchased 150,000 of its own non-voting "A" shares on Wednesday at

980p helped GUS "A" climb smartly to 999p, up 20 on the day. Although the company received approval from its shareholders to buy-in stock in January, the management's decision to beginning buying now caught the market by sur-

Wireless were resilient markets both ending fractionally better in good turnover. British Telecom closed harder at 271p on 5.5m and Cables 3½ up at 470½p on 3.6m. GEC attracted persistent support all day and closed 4% firmer at 227p; a decision on the joint bid with Siemens for Plessey from Lord Young Secretary of State

for Industry is expected within a week or so. Racal Electronic were 2¼ easier at 381p on turnover of 6m. Northern Engineering Indus-tries (NEI) nudged forward to



	Apr	Apr	Apr	Apr	Apt	Year	1989		Since Compitatio		ompitation	
	13	12	-11	10	7	Ago	High	Low	High	1	.ow	
Government Sect	85.84	85.92	85,05	86.16	85.08	01.09	89.29 (5/2)	85.84 (13/4)	127.4		9, 16 (1/75)	
Fixed interest	97.15	96.77	96.77	97,18	97.24	97.99	99.59 (15/3)	95.93 (4/1)	105.4		0.53 177ຄ	
Ordinary	1659.9	1674.0	1672.8	1689.4	1653.0	1418.2	1761.1 (14/3)	1447.8 (3/1)	1926. (16/7/8		19,4 /6/40)	
Gold Mines	189.2	187.1	185.6	187.2	189.0	216.6	198.1 (28/3)	164,7 (17/2)	734.7 (15/2/8		13.5 110/71)	
Ord. OI. Yield Earning Yid %(full) P/E Ratio(Net)(☆)	4.54 11.26 10.73	4.59 11.15 10.83	4.60 11.10 10.79	4.61 11.21 10.78	4.56 11.05 10.92	4.55 11.85 10.35	•	S.E. A		TY Apr 12	Apr 11	
BEAO Bargains(Spm) Equity Turnover(Sm)† Equity Bargainst Shares Traded (mi)†	23,917	24,053 1333.99 28,009 448,2	24,473 1142,37 26,809 445,1	24,973 991.02 28,193 412.6	25,296 1494.28 30,098 570.6	26,723 1561.94 28,217 544.0	Equ Equ	Edged Ba hy Bargain hy Value	18	88 6 167.5 2696.3	96.2 173.7 2309.0	
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FINANCIAL TIMES STOCK INDICES

TRADING VOLUME IN MAJOR STOCKS

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short positions in the market had forced the price higher. Retailers were once again heavily traded. Gateway fin-ished steady at 173p on turn-over of 5m shares, while Sainsbury, Tesco and Argyll all added a couple points. Michael Peters slumped on

the warning of US problems which have caused the chair-man to move temporarily to A second announcement of New York where he will devote further orders for Rolls Royce engines from Australian airline his full attention to North Amercian businese develop-Qantas was well received in the market, but the ehares ment. Profits are expected to he affected and the shares remained unmoved at 182%p replied with a fall of 13 to 100p. Having dropped late the pre-Unigate were a good market, closing 5 better at 355p. There vioue session, Parrish, the stockbroker, retreated further was some talk of new Irish huying, but with turnover standing at little more than to 58p before recovering to 63p on reports that 15 per cent-owned Australian investment

group Spedley had gone into

liquidation

Polly Peck, having reported on Wednesday annual profits slightly higher than some market estimates, went easier with the general market. The shares closed 4 off at 315p. In the absence of fresh news, Mr Robert Sassoon of County NatWest WoodMac expects "a relatively dull" short-term performance. Porth Gronp, the Wales

41

based Christmas decorations manufecturer, enjoyed a satisfactory debut on the USM. Some 5m shares were placed at 100p (a total of 13.8m shares are now in issue) and by the close Porth had run ahead to 108p.

 Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 32

128%p after e Reuters report said thet Rolls Royce had increased its stake in NEI to 15.5 per cent after acquiring 3.85m shares on Wednesday at 127p a share. On Monday NEI agreed to accept a bid of 128p-a-share from Rolls Royce. "What Rolls Royce is doing is British Telecom and Cable & trying to make it clear that no-one else is allowed to bid for

NEL," said one analyst.

on turnover of 2.2m.

'im shares dealers said that

NEW HIGHS AND LOWS FOR 1989

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HILL SAMUEL

appointed financial director of RENAULT UK. He replaces

Mr Christian Esteve who has

Mr John Satchiffe has joined BRITISH SUGAR as director of sales and marketing. He was

marketing director. confectionery division, United

become managing director. Mr Le Duc was financial

director of the Douzi production plant.

Blacuits.

rent trading range. Two houses were especially active yesterday and the shares settled at

of good support for the stock around the 360p level, which

appears the bottom of the cur-

366p, up 5. Johnson Matthey went on a run too, gaining 15 to 383p, as old stories came to the surface of share stake changes leading to a bid for the company. Charter Consolidated is the major shareholder, but Cookson also

shareholder, but Cookson also holds a stake. News of a £26m rights issue to fund pub acquisitions by regional: brewer Devenish failed to disturb brewing stocks. Although dealers regarded the cash call as justi-fied, Devenish fell 14 to 311p. The building sector was among the market's most uncomfortable areas despite splendid figures from two of the sector leaders, Blue Circle

AVIATION AND AEROSPACE - Towards the Year 2000

COMMERCIAL

6&7 June, Paris

As the century moves towards its final decade. the world aerospace and commercial aviation industries are busier than ever before. It is to address a variety of issues stemming from the vigorous growth in air travel demand and the increasing liberalisation in Europe and elsewhere, that the Financial Times is holding the latest in its series of world aerospace conferences. The meeting will take place in Paris immediately preceding the international Air Show. Speakers include:

Mr Stanley Clinton Davis Former EEC Commissioner for Transport, Environment and Nuclear Safety (1985-1989)

Dr Günter O Eser International Air Transport Association (LATA)

Mr Peter Martin Frere Chokneley

Mr Clifford Paice Civil Aviation Authority

Mr Wolfgang. Philipp Eurocontrol

Mr Emmanuel Vasseur Banque Indosuez

Mr Eugene Buckley United Technologies Corporation

Mr Jim P Schwalbe

Bed Helicopter Textron

Mr Brian H Rowe

General Electric Company

Boeing Commercial Airplanes

M. Henri-Paul Puel -

Mr Edward W Stimpson

General Aviation Manufacturers

Association

Avions de Transport Regional

Mr Lawrence W Clarkson

The language of the conference will be English / French and simultaneous translation will be provided.

A FINANCIAL TIMES CONFERENCE AIR & COSMOS and Les Echos

APPOINTMENTS

Sir Peter Parker (right), chairman of Rockware and for-mer chairman of British Rail, has been eppointed to the board of quarry products group EVERED. On July 1 he will become non-erscutive chair-man and Mr Sandy Saunders. the present chairman, will the present chairman, whi then become deputy chairman. Mr Roy Kettle, the chief execu-tive, said that Mr Saunders had, undertaken the role of chair-man "at a difficult and sensi-tive time." Following the Abdullahs' departure he Anothans' departure he guided the company through a changing period. "He feels that having discharged this respon-sibility he would prefer, for the present, to take a less time-com-suming role," said Mr Kettle.

Mr Eric Newman has been appointed managing director of Simon-Carves, part of the SIMON GROUP. He was with May & Hassell, Hillsdown Group. Mr Brian Ridal becomes deputy managing director.

ASLK-CGER BANK, a Belgian savings bank, has opened a branch in London and appointed Mr Jaques. Gilman as general manager, ... and Mr Christopher F. Fielder as deputy general manager.

Mr Michael A.L. Kenn managing director of G. & L. RALLI INVESTMENT & TRUSTEE CO, and a

building surveying division.

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Mr David Tyson has been non-executive director of Ralli appointed managing director of ALFRED MCALPINE Bondite, and Frowds, becomes chairman of Ralli Bondite CONCRETE MASONRY, succeeding Mr L.J. Ralli who remains a non-executive director. Mr Colin D. Hall, Chester. He was with Tarmac Tophlock. minector: Mr Com D. Hall, managing director of Ralli Bondite and a hon-executive director of the holding company, and of Frowds, becomes chairman of Frowds, successing Mr L.J. Ralli who remains a non-executive director.

■ Mr Gary Napier has been appointed vice president finance, based in London, with WORLDWIDE TELEVISION NEWS. He was with Knight-Ridder Unicom Inc, and snoceeds Mr Fred Mouson who has moved to New York as vice president, American overations. The comparity is operations. The company is owned by ITN, ABC in the US, AYH PARTNERSHIP has appointed Mr Christopher Barber as divisional director responsible for the new and Nine Networks in Australia.

BRITISH NUCLEAR FUELS

has re-appointed Mr Christopher Harding as chairman for a further three years.

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■ Mr Ewan Cameron has been appointed managing director of SYSTEMS RELIABILITY.

Mr Brian Cudby has been promoted from group deputy managing director to managing director of BRANSOM.

Mr Peter Shreeve has been appointed technical director, Mr Tony Broster becomes engineering director, and Mr Peter Gingell is made sales director of HYMAN SOUTH WALES.



Mr Kenneth W. Rigby, (above) north east regional director, becomes credit and risk direc-tor for MIDLAND UK banking from May 1. He succeeds Mr Neil Blair who is retiring.

COMMERCIAL AVIATION AND AEROSPACE

COMMERCIAL AVIATION AND AEROSPACE TIX: 27347 FTCONF G Name

To: Financial Times Conference Organisation 126 Jermyn Street, London SW1Y 4UJ Tel: 01-925 2323 Fax: 01-925 2125 Position Company

Country. Tel. Fax

TIx. Type of Business_

Chairman of Evered INVESTMENT SERVICES GROUP has appointed Mr Derek Fitch as chief executive of its direct sales subsidiary Hill Samuel Investment Services. He was managing director of Hill Samuel Personal Finance where he is succeeded by Mr John Walton. Mr Alain Le Duc has been

SIR PETER PARKER

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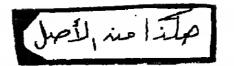
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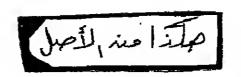
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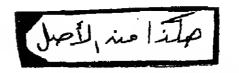
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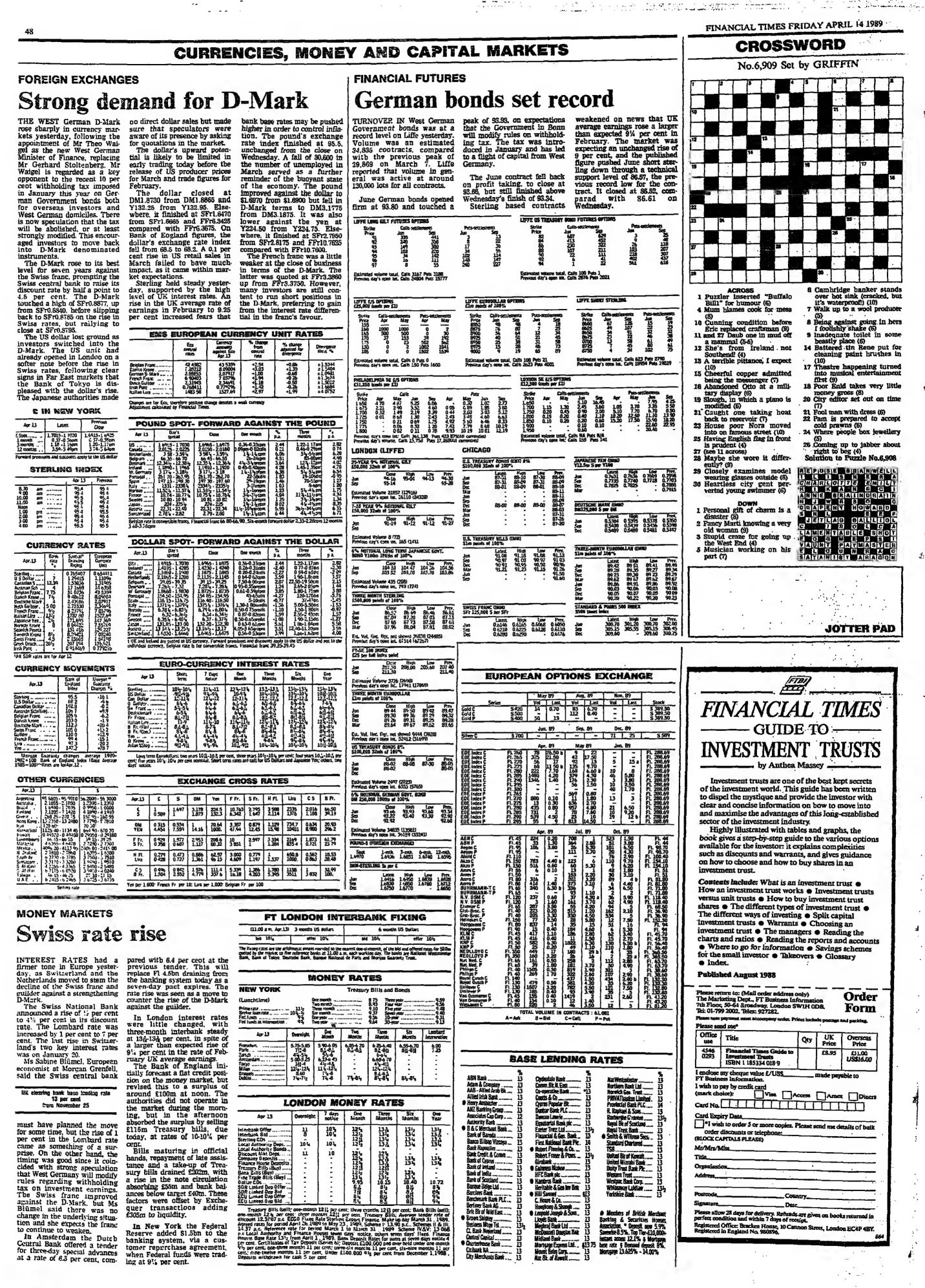
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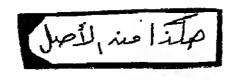
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	Credit_assisti 2.940 407 Credit_assisti 4.500 +110 J-orghansteiner 195 490 J-orghansteiner 195 490 J-orghansteiner 195 490 J-orghansteiner 195 490 Perincoster 195 490 Semperit 220 490 BLLCIUM / Librestalaottranst 490 Blat 13 7n. Blat 13 7n. Blat 14.000 400 Banast Gene Da. Liz 14.500 Do. AFV 2 5.900 400 Do. AFV 2 5.900 400 Do. AFV 1 4.900 425 Do. AFV 2 4.900 420 Do. AFV 1 4.950 420 Do. AFV 1 4.950 420 </th <th>Aprol 13 Frs. + wr Approach Prime 2,620 -4 Astrikter Ext. 755 -2 BSK -755 -2 BSK -375 -2 BSK -375 -2 BSK -375 -2 BSK -375 -2 BSK -26 -375 BSK -375 -13 Bargers -335 -40 Catagors -1330 -5 Catagors -335 -11 Catagors -335 -1 Catagors -335 -1 Catagors -335 -1 Catagors -344 -1 Catagors -340 -1 Catagors -320</th> <th>April 13 Date. + er BASF 303 1 -0.4 Baster 303 1 -0.5 Baster -0.5 -0.5 Do. Pref. -0.5 -0.5 Demoter.Bast. -0.5 -0.5<th>TTALY (certimat) Andi 13 Line + m - Reservate La 45.57 Reservate La 2675 Salaca 2600 Salaca 2600 Salaca 2600 Salaca 2600 Salaca 2600 Salaca 2600 Salaca 2400 Jaccon 22,650 Jaccon 100,40 Accon 100,40 Accon 100,40 Accon 110,40 Accon 110,40 Accon 110,40 Accon 110,40 Accon 110,40</th><th>SWEDEN April 13 Kroser + 67 Asa Birret 545 Asa Birret 545 Asa Birret 645 Encone Birret 631 Eschel Birret 631 Eschel Birret 234 Phoraccis Birret 234 Sandu Birret 135 Sandu Birret 135 Sandu Birret 135 Sandu Birret 142 Sandu Birret 1</th><th>Sales Sales <th< th=""><th>C21137 Later W B 1 506 184 184</th><th>Bales Stock High Low Close Change 828 Scott Paper \$174 175 175 190 Geotta 3151/2 134 1351/2 135 200 Scotta C 5174 214 215 54 2001 Scotta C 5174 214 214 515 54 2020 Scotta C 5174 214 214 134 315 134 134 314 134 314 134 314 134 314 134 314 134 314 134 314 134 314 134 314 134 314 134 315 135 136 315 135 135 135 315 135 335 316 315 135 135 135 135 135 135 135 135 135 135 135 135 135 135 135 135</th></th<></th></th>	Aprol 13 Frs. + wr Approach Prime 2,620 -4 Astrikter Ext. 755 -2 BSK -755 -2 BSK -375 -2 BSK -375 -2 BSK -375 -2 BSK -375 -2 BSK -26 -375 BSK -375 -13 Bargers -335 -40 Catagors -1330 -5 Catagors -335 -11 Catagors -335 -1 Catagors -335 -1 Catagors -335 -1 Catagors -344 -1 Catagors -340 -1 Catagors -320	April 13 Date. + er BASF 303 1 -0.4 Baster 303 1 -0.5 Baster -0.5 -0.5 Do. Pref. -0.5 -0.5 Demoter.Bast. -0.5 -0.5 <th>TTALY (certimat) Andi 13 Line + m - Reservate La 45.57 Reservate La 2675 Salaca 2600 Salaca 2600 Salaca 2600 Salaca 2600 Salaca 2600 Salaca 2600 Salaca 2400 Jaccon 22,650 Jaccon 100,40 Accon 100,40 Accon 100,40 Accon 110,40 Accon 110,40 Accon 110,40 Accon 110,40 Accon 110,40</th> <th>SWEDEN April 13 Kroser + 67 Asa Birret 545 Asa Birret 545 Asa Birret 645 Encone Birret 631 Eschel Birret 631 Eschel Birret 234 Phoraccis Birret 234 Sandu Birret 135 Sandu Birret 135 Sandu Birret 135 Sandu Birret 142 Sandu Birret 1</th> <th>Sales Sales <th< th=""><th>C21137 Later W B 1 506 184 184</th><th>Bales Stock High Low Close Change 828 Scott Paper \$174 175 175 190 Geotta 3151/2 134 1351/2 135 200 Scotta C 5174 214 215 54 2001 Scotta C 5174 214 214 515 54 2020 Scotta C 5174 214 214 134 315 134 134 314 134 314 134 314 134 314 134 314 134 314 134 314 134 314 134 314 134 314 134 315 135 136 315 135 135 135 315 135 335 316 315 135 135 135 135 135 135 135 135 135 135 135 135 135 135 135 135</th></th<></th>	TTALY (certimat) Andi 13 Line + m - Reservate La 45.57 Reservate La 2675 Salaca 2600 Salaca 2600 Salaca 2600 Salaca 2600 Salaca 2600 Salaca 2600 Salaca 2400 Jaccon 22,650 Jaccon 100,40 Accon 100,40 Accon 100,40 Accon 110,40 Accon 110,40 Accon 110,40 Accon 110,40 Accon 110,40	SWEDEN April 13 Kroser + 67 Asa Birret 545 Asa Birret 545 Asa Birret 645 Encone Birret 631 Eschel Birret 631 Eschel Birret 234 Phoraccis Birret 234 Sandu Birret 135 Sandu Birret 135 Sandu Birret 135 Sandu Birret 142 Sandu Birret 1	Sales Sales <th< th=""><th>C21137 Later W B 1 506 184 184</th><th>Bales Stock High Low Close Change 828 Scott Paper \$174 175 175 190 Geotta 3151/2 134 1351/2 135 200 Scotta C 5174 214 215 54 2001 Scotta C 5174 214 214 515 54 2020 Scotta C 5174 214 214 134 315 134 134 314 134 314 134 314 134 314 134 314 134 314 134 314 134 314 134 314 134 314 134 315 135 136 315 135 135 135 315 135 335 316 315 135 135 135 135 135 135 135 135 135 135 135 135 135 135 135 135</th></th<>	C21137 Later W B 1 506 184 184	Bales Stock High Low Close Change 828 Scott Paper \$174 175 175 190 Geotta 3151/2 134 1351/2 135 200 Scotta C 5174 214 215 54 2001 Scotta C 5174 214 214 515 54 2020 Scotta C 5174 214 214 134 315 134 134 314 134 314 134 314 134 314 134 314 134 314 134 314 134 314 134 314 134 314 134 315 135 136 315 135 135 135 315 135 335 316 315 135 135 135 135 135 135 135 135 135 135 135 135 135 135 135 135
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LML	Altomoto Altono Brake	2.700	-10	Japan Steel With	1 210	-10	Nikon Cord, and annual	1,450	20		2,920	-20	MoPatrians
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	All Nippon Ast	1 530	+20 -	Jagan Synth Rbr	1,350	-50 -20	Nippon Danks and and	1 140	-20	Tallin Service	879		Hat Aust, Bank
	Amada	1 520	+10 +10 -80 +10	Japan Wool	1,850	-20	Nippon Elect. Gl	2,300	200	Telin	1140	+40	NEW DOFT AUSL
	Amano	1,810	-80	JUID Paper	1 710		Nippon Express	1430	-40	Trices Constr.	1 490	-iō	Kend
	Ando Construct	1,090	+10	JUDID Handlet fryweith au	1.550	1+10	Nippon Fire	1,480		Tetten Costr.	1 490	+10	News
	Anritsu and and and and	2,020	-10	KAGONAP antiatesterantes	2 400	+20	Misses Ties	942	-8	TOU NEW YO KTO	1.730	+30	N Sig Hill Prim
άM.	Ages Corp	6 990	+100	Kalen Plant	1.690	430	Nigona Hada	2 910		Tobishiout	1510	Can I	North Kalgeril
110.01	Acabi Breverici anatul	2,200		Kageme Kajiera Kakes Piarts Kanteolo	3,330	+50	Minoret I & Metal	1 470	Cii .	Tool Co	1.100	+10	Galderidue
	Asahi Chemicals	1,260	-30	Kanegafuchi Cirm	843 1,100 800	de Eristi	Nippon Kayain Nippon Li Metal Nippon Li Metal Nippon Hext Pack	1,990		Toko	24,400 3,710	-200	Urora
the state of the s	Asabi Glass	2 430	-30	Kanegaruchi Lim	1,100	La l	Nimon Mining	1 010	-30	Tonois Electric	3,710	-20	Pacific Dunkoy
	Asahi Optical	920	-1	Kannal Flort Proper	4 410	Cin 1	WILLIAM UNIT AND ADDRESS AND ADDRESS A	1,700 905 1,620	+60	Total Basic	2,250 1,080		Pancost's
	ASICS LORD. Incomentation	1 200	B 1.	Kansai Palot	1,030	10	Nippon Pales	900	-10	Tation	981	C36	Property Int 1
	Rust Tolon	1 670	+10	Kancho Kancgafuchi Chm Kancgafuchi Chm Kancgaf Palet Kancgaf Palet Kanc Corp Kanchigong	1,620		Nippon Sanso	1110	성범출법 승 :	Tokica	2,050	k&&&&	Petersrille SI
	Same Piarm	1 490	-50	Kashiyana	1 060	120	Misson Caller	1110 1050 1540 1,040	-10	Toberare Socia	1,060	-20	Poseidon
	Bridecstone	1,500	-10 ·	Yoursel Kines	815	C76	Nippen Sharyo Nippen Sharyo Nippen Shingan attai Nippen Shingan attai Nippen Shingalar	1.540	+90	Tukyo B Casting	2,430 5,960	-60	Resison Gidflitts
•	Brother Inds	1,020	-20	Kawasaki Strel	915	6	Nippor Sh Glass	1,040	-20	Tokya Electric Par	1,670	136	SA Brewing
	CSK Corp.	4,800	-10	Keihie Elet Exp	1,770	-20	Nippen Shingan anala	1,500	-	Token 644	3.070		Shere
	Calques FD00	8PB	-11	Kelo Telto Elet	915 1,770 1,390 1,210	\$ # \$\$\$\$\$		812	-20	LOCKE POOR	2150	-150	Saress
•	Canon	1.690	-50	Kinki Elec Cons	1 210	-10	Winner Chainford	1,420 905 860	201	Tolgo Stori	3,000		Som al Geratia
	Canon Sales	2,700	+20	King Elec Cost	1 190		Hippon Steel	905	-?	Tokyo Style	1.600		Tooth
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	Central Class	1 050	<mark>ቘቘቔቔዀዸቔዿዿኯዸዿዿዸዸዿዸኯኯዸኇ፧</mark>	Kobe Steel	910	aassu's	Minnest Vakin	1.50	130 130	TOOL LEE automation	1680 1230 1920	844 844	Vanges Western Missing
	Chita Rank	1 270 .	+20 .	Kolusal Electric	440	1460		1450	-30 .	Toonal Print	1,920		Western Mining
	Chivoda Chem	1,560	-30	KOKUSA EXCLUS	2 950	Lan	Nippon Zeon	993	-7	Toray	965	12	Westherd Hidy
	Chiyoda Fire	1,040	-30	Kolayo	4 440 2 710 2 350 1 320	-40	Nishimatsu Cons	1900	+50 -7	Teshiba Elect	985 1,240 1,510 1,000		Westmer
	Glube Elect Per	1.200		Konica	1,170		Nitssa Olesei	1 1 20		Tothing Machiners	1000	÷15	Westpac
	Chugoku El Power	3 700	-100	KOGLOUCH	1170	12234	Niggel Sangyo	993 1900 1523 1,710	+10	TOSTOLE	630		Warmald Inti
	Citizen Watch	3 700 1,020	-10	Kovo Sella	1,240	L-60	HISSING I CONT CONCERNENT			Total Corti	951		
	Daloet Chemical	1,100	-30	Kamanal-Genel	1.930	+40	Nestur Ci?	1,060		Tom Continued	1 230	-20	
	Dailchi Selyaku	2,700	H0	Kuratal Chemical	935	5.7"	Nisshinbo kats	900	+20	Toto	2,090 1,230 1,880	+20	HONG KONG
	Daido Steel	2 100	1000			190292	Mission Flambols	1,060 1,350 940 1,310	150 150 150 150 150	Tevo lok	520	3565898 488	
	030 mini	1.370	+40	Kuranty Kareta Chemical	1.520	20	Mindle Ford	1,360	-70	70% Jozo	1 320 1 090 2,480	-20	April 13 P
	Dei Ichi Kan Bank	3,320		Kurita Water	1.410	-40	Nicsuko Nicso Boseid	1,360	150	Toyo Kanetsu	2,490	100	Amoy Props. Bach East Adla Couly Pacific
	Daildn Hids	1 420	-59285 	Kurita Water	1,050	-10	Nitto Bosed amanda	820 1,970	-a ·			-10	Carles Partifier
	Datiyo Kapico	2.700	-40	Kyodo Stulino	4,800	1	Norwert	3.320	-10	Tors Tire	940	-10	Cherry Kong
	Dalimere inte	995	115	Kyodo Stilego	806		Nuritake	130	-10	Tsubakimoto Con	1,110	+70	Chipa Light
	Dai Nippon Phar	2,270	1	Kyptaru	1 280	-	-Odaliver Elec Riv	1.530 .	+10	Tagani	970		China Light
	Dal Nippon Ptg	2,250	-50	Kyowa Bank Kyowa Hakko Kyosia Electric	1310 1410 1,050 4,800 606 1,900 1,280 1,540 8,590	+40 +10	Obbarrasto-Gentl	1 810	22366	UBE tods	ons l	1-15	Cross H'agar Trif
-	Dal Nippon Toryo	945 .		Kyusia Electric	3,590	H10 ·	Oli Paper	2.050	-32	Voltica	905	語	Dan Herry Hidgs
•	Datsbowa Paper	1 210	-10	Line	1.020	·	Cicinta Mach	1 44					Harry Long
	Datwa Rank	1.650		Long Terrs Cred	20,500	'	Oldsmara-Gord	2150	+60	Victor	2,070	-20 .	Hang Long Hang Serg Back
1.1	Dalwa House and their	2,010	-10	Macda Construct	1,910	271	Olympus	1,230	-10	Wacoal	1.190	1+20	Harton Centre
	Crigolu El Porer Criton Watch Dalet Cernical Dalet Anno Watch Dalet Service Dalet Cernical Dalet Service Dalet Dalet Service Dalet Service Dal	2 310	10 20 4140	Maets Construct	1.050	1992	Genroe Tatelti	130	10			meu (Handerson Land
	Dentry 5	2110	C.M.	Macha Elect WK	die .	12	Drinda Cement	125		Yamaha Corp Yamaha Motor Yamahdi Sec	1,700 1,330 1,790	I	HKAruat
	Doese Kiki	1.010	-39	Marubeel	1310	1	Orlent Finance	120		Yamaka Motor	1,330	585	HK China
	Dolea Micing	969	-5	Marit	2,590		Orlent Leasing	3,420	+170	Yamanouchi	1.790	120	HKElectric
	Ebara	2,060	-40	Marst Marstoni Steel	2,590 1,850 2,400 1,920 1,920	-30	Osaka Gas	875.		Yanatake H'ywell	3.00		HK Asaley & Tr A
	E1621	1,950	+20	Matsa Elect. Wiss	1 8 1		Penta Octan Com	1.550	-80 -9	Manager & Manager		-20	HK Skangbal Bank
	Ezaki Giisti	6 740	+20	Material Kata	1.920	+10	Prima Nest Pack	3150	-80	Yamato Trans	1,680	+10	HX Stangual Hotels
	Fude Constand	1.070	+20	Matsusteita Koto Matsusteita Refrig	1,560	+10	Resource and an			Yanazzaki Bakizo	1.370	+10	NKTelecommes.
	Fult Back	3.430	1170 1170 110 110 110 110	Marda Motors	951 1,000	8625555555	Ricola	1,000 1,240 2,350 945	10	Yasada Fire	1270	****	
	Fusi Electric	1,200	-30	Melli Nilk	1,000		Royal Ct	2,390	+100	Yasıdama Elect	1750	-20	Hunchison Wiga
	Full Film	3.470		Million Cora Chia	1020		Rychi	945				+10 .	Index: Employ P
÷. ۲	Figh Fire & Mar	981	F 19	Minebea Mesoita Camera	1,270	102100 12210 12210	Salkana Bark	1,620	+30	Yokokama Rubber	1170	+30	Jardine Mach
	Fallera	1,280		Meroita Camera	989	-24	Sankyo	1050	-50	Yoshitami Plam	1 200		Koelogn Nigter
	Fujisawa	1,660	\$199 B	N isawa Homes	1,890	120	Sanrakar	1200	-20	7ussa Battery	1400	-60	Mandarts Grief
	Full Spinning	740		Minishi Reiting	1 370		Sarrio	3,910	+20				Ras Fors Text
	Fuitta Tourist	1 450		Misawa Homes Ni Isawa Homes Ni bishi Batting Ni bishi Batting Ni bishi Batting Ni bishi Elec Ni bishi Elec Ni bishi Gas Chew	1 570	****	Sama Bank	2,500 1,210 3,910 1,550 930	12224F	AUSTRALIA			Mandario Driest
	Furnicana Elect	1.160	81866558	M'bish Elec	1,160 2,560 985	-20	Same Shatter	1.50	1-10 I		AustS	+ 07 -	SHK Props
	Galdien	1,690	+10	N Dist Estate	2,500		Sanyo Elect	1 220	F3		1.03		
	Gen Seitige	1,500	+10		1110	-20		1,700	+20	Americale	4.50		Starw Bros. Stell Elec. Mfg
	Godo Shuse	1.570	-20	Mfil M bishi Kanei	11190	-50	Secon	5,260	-30	Abertovit	4.50 5.68	+0.5	Sime Darby
	Gue-El Chem	967	-11	M'Obti Metal	1240		Selbu Kaluleaty	2.050		Amatil	10,00	HOS	Saint Dar A
	Galden	1.070	-40	AFWEN ON	1,260 1,440 1,640 1,000 826 2,270 826	: 	Secon	1200 42050 1170	588588	Artizone Aist.	0.17	-	Do. 0 Tels B'cast.
	THEFT OWNER THE SECOND	000	+10	M"bishi Ofi M"bishi Paper M"bishi Pecshem	1,440	-10	Sekton Chen	1,380	-10	Araptis	5.40 1.15 4.84 1.92 1.15 7.43	-01	Tele B'casa
	Hanging CI Kall	1 320		M'bishi Petchem	1,640.	H9 '	Setting House	1,770	-20	Astrical	1.15	1.00	Wing Oz Co
•	Hattori Sello	2 430	-30	M bishi Plastics	1300	135	Settau Seren-Eleven	6.350		ANZ Group	1.07		Wirser ind
	Hazaosi-Gomi	1740	-10	M'bishi Steel	2,270	-36	Silkoku El Par	1020	-10	Aust Nat 1905	115	1000 1000 1000	World Latt Hidgs
	Hanshig El Rahl Hasegawa Kom Hattori Sello Hazaoti-Gomi Helwa Real Est Sino Motors	1 100	+10 -	M"bishi Tsl				3.510 2.210 ·	L-10 I		7.62		2409 Fn 1
	Hirese Electric	3.960	-20		1790	+20	Skimizu Corp.	訪協	172 A	BHP Gold	053 12=	10.5	
	Mienthinta (Flank)	1100	29998	Mitsui Co	2,290	888-588	Shionogi	2070 1580 1700		Bel Groce	1.15	6666 88888	
	Hitachi Cable	1.290	1	Minsol Eng Ship	912	-34	Secretary	1,700	-20	Bell Group Bell Resources Doad Carp Nilégs	1.06	-0.02	SINGAPORE
	Hitachi Hitachi Cable Nitachi Credit	1,290	1000	MINSUA MINDE & Sun	960	56	Shekuran Jutaku	3,360 988	喜 추십삼십 ⁴	Boad Carp Niegs	115 106 148 3.06 2.68	-9.09 -9.09 -9.09	April 13 S
	NILIACTA KOK	1.430	140	Mitsul Peldem	2.190	1-36 · · I		959 1,290 1,300 800 1,450	-21	Boral	2.66	+0.03	Boustaad Hidgs 1
	Nilachi Maneli	1 610	110	Mitsei Rati Estata	2.520	-20	Showa Decks	1,290	-50	Briege Gil	11.05		Carrison Pacific
	Hitach Sales	849 760		Mitsul Toursu Mitsul Tst. & Bitg	1210		Stone Anteinhan	1,000	50	Bridge Cil	180	-0.02	Cold Storage
	Hitachi Zosen	760	-24	Wittal Warebst	1.260		Store Stell Set	1,450	+20	Bandaberg Sogar Buns Philip	270 2.68 8.14	1	Fritter & Meant
	Holdaido Elect.	3.510	-20	Minsakoski	2,330	-10	Septert	2 40		8	14	-0.94	Han Par Bros
	Hologriku El Per	3,550	-20	Mitsumi Elect	995	10 15 15 19 19	SHOW STAND MILE	1210 -	-20	CSR	1.05	-0.01	Han Par Bits
	Honda	1 890	-40	MITTER LIDE THE SALES	1.400	F16	Sonty	1 100 -		Canteral Mersonation	872		Hong Lands Fig
	Hooshe Paper	3,550 1,890 1,030 1,910		Mochida Tharm	1,400			6750 1,100 925	-85	Change Carp	0.37	+0.02	Kennel Carn 14
	House Food lad	2,190	120 -30 -30	Mizaoo Sporting	930 2.500 2.390	+20 +100- -40	Sumitono Bark	3,470	t sect	Classe Corp Classecont Petro Coal Alifed Int	0.29	+0.02	Malayan Banking
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FINANCIAL TIMES FRIDAY APRIL 14 1989

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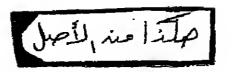
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52 WORLD STOCK MARKETS

FINANCIAL TIMES

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Friday April 14 1989

ASSERICA Dow dips as investors wait for set of key statistics

Wall Street

THE EQUITY market yesterday ran out of steam and fell quite sharply hefore today's clutch of economic data, after two days of gains mostly hecause of takeover speculation, uvites Janet Bush in New Vork

The Dow Jones Industrial Average ended near its lows for the session to be quoted 23.65 points down at 2,296.00. Volume was light with only

141m shares changing hands. There was some drag from other financial markets, where the dollar weakened and honds declined despite a neutral to reasonably positive set of retail sales figures. The dollar was quoted in late trading at Y132.05 compared with an ear-lier high of Y133.20 and at DM1.8720 from DM1.8830 earlier, Bonds were quoted as much as ½ point lower. Retail sales rose 0.1 per cent

in March, in line with expectations, while February's decline of 0.4 per cent was revised to a fall of 0.6 per cent. Another factor in yesterday's

stocks weakness appeared to he technical. The modest rallies on Tuesday and Wednes-day had taken the Dow to a January of \$9.5bn.

2,330 early on Wednesday, above the trading range of 2,250 to 2,320 which had prevailed since early last week. However, according to Mr Newton Zinder, technical strategist at Shearson Lehman Hutton, the market was about to run into another technical resistance area in the range between 2,325 and 2.365 where three rallies have stalled so far

this year. In more general terms, after a reasonable performance in the latter part of this week. traders were concerned to take a neutral position before today's economic figures. Of these, the key data are the February merchandise trade balance and the March producer prices index (PPI). Mr Wayne Angell, Fed Gov-ernor, said earlier this week that an increase in commodity

\$28% prices in the fourth quarter of last year could have an effect on the March PPI, which is forecast to have risen hy around 0.5 per cent after suc-

cessive gains of 1 per cent in January and February. The consensus of forecasts for the trade balance is for a deficit in February of \$10.4bn compared with the shortfall in \$40 a share.

Blue chip issues were

broadly weak, with Interna-tional Business Machines failing \$1% to \$109%. Procter & Gamble down \$% at \$91%, Philip Morris slumping \$2% to \$117% and Merck dropping \$% to \$65%. The hanking sector was also

weak as disappointing results from Chemical Bank added to the gloom of lower results from JP Morgan. Chemical dropped \$% to \$34%, JP Morgan slumped another \$1% to \$35% \$7% after it rejected an \$8.50-a-share offer from RFLR Group, the major stockholder of Wel lington Advertising. RFLR has said it is considering whether to raise its offer to \$10.50 a and Citicorp slipped \$% to

\$28%. \$28%. Technology issues started quite well, huilding on strength earlier this week, but then succumbed to hroader market weakness. Cray Com-puter added \$% to \$53% and Intel which reported not share. Canada SLUMPING industrials, forest products and pipeline issues outweighed huying among golds and management compa-nies to drive Toronto share Intel, which reported net income in the first quarter of 52 cents a share, fell \$1/4 to

prices to a lower close. Among featured individual Stronger gold stocks reflected a rise in the hullion stocks was Dow Chemical, which added \$% to \$91% after price in futures contracts on the New York Commodity the company announced that it planned to repurchase 12m Exchange. common shares. Freeport-McMoran rose \$3¼ to \$37 as it launched a Dutch auction of up The composite index dropped 13.0 to 3,555.7 as losses out-paced gains by 373 to 281 on light volume of 22.3m shares.

to 15m common shares at a price to be set between \$35 and Heavily-weighted hlue chip issues were mixed. BCE Inc topped the list of leading active Mickelberry, the advertising agency group, jumped \$2% to traders, slipping C\$1/4 to C\$37.

ASIA PACIFIC Rate fears send Nikkei into retreat

Tokyo

A SCARE over interest rates made investors jittery and share prices fell heavily on profit-taking in thin trading, writes Michiyo Nakamoto in

Tokyo. The Nikkei sverage tumbled 192.51 points to 33,063.94. Dur-ing the day it had reached a high of 33,336.18 and plunged to a low of 32,951.06. Declines led advances hy 502 to 378 while 183 issues were nnchanged. Turnover fell to 846m shares from 1.12hn on

Wednesday. The Topix index of all listed shares also retreated, losing 11.18 to 2.455.21 and, in Lon-don, the ISE/Nikkei 50 index fell 2.93 to 1.958.61. **Reports** that Sandi Arabia

Mr Yoshinori Kawajiri of Sanyo Securities. Amid the general lack of enthusiasm, constructions regained their ahine. Nishi-matsn Construction, originally selected for its tunnel-building technology which will be in demand in infrastructural pro-jects, ameared to be rising on would cut its shipments of crude oil to Japan raised fears that this would lead to higher oil prices, in turn fuelling rises in inflation and interest rates. A rumour that the Bank of Japan had asked a securities

house how an increase in the official discount rate would jects, appeared to be rising on speculative fever. It emerged in the top slot of the most actives list with 46.8m shares traded affect the market fanned speculation that the central bank and added Y50 to Y1,900. was ready to make such a move. Mr Satoshi Sumita, Gov-Companies expected to bene-fit from greater capital spendernor of the Bank of Japan, had made a speech earlier stating that the bank was prepared to raise interest rates if necessary - his phrasing was

good results supported by an rose 22.29 to 1.241.31 but turnambiguous enough for the mar-ket to interpret it as meaning the bank intended to do so. increase in capital spending, firmed Y10 to Y1,520. It was second in volume terms with The weakness of the Nikkei 16.6m shares.

average was attributed mainly to a lack of buying by individ-ual investors, who have been the main force behind the mar-Tsubakimoto, an industrial chain maker, appeared in the top 10 volumes list and gained Y70 to Y1,116. Its recurring ket's recent strength. Instituker's recent strength. Institu-tions have largely kept on the sidelines, preferring to wait for the release of key US economic figures expected today. They have also been wary about the possibility of any further arrests in connection with the Recent economic to be boosted by increased orders for machine tools and industrial machinery.

The reports that Saudi Arabia would reduce ship-ments of crude oil to Japan attracted attention to oil com-Recruit scandal. Some analysis felt the extent of the market's weakness was not reflected in the Nikkei's decline. "The market's fall was panies that have wells or dril-ling rights, such as Nippon Oil and Cosmo Oil. News of the relaxation of Japan's petrol station regulations also stirred interest in the sector: stations will be allowed to have other businesses in their huildings, such as mini-marts. Nippon Oil rose Y60 to Y1,700. to me the equivalent of a 400-point drop in the Nikkei," said Mr Yoshinori Kawajiri of

Constructiona supported Osaka but weakness in other sectors left the OSE average 165.50 lower at 31,827.32.

Roundup

TRADERS were kept busy by institutional buyers of blue chips stock and several Asia Pacific markets showed signifi-

cant gains. ing posted strong gains. Amada, the machine-tool maker which has attracted SINGAPORE reachad its third consecutive post-crash high in busy trading. The Straits Times industrial index over fell to 152m shares from the previous day's record 167m. Sentiment was supported by news that Malaysis's Hume

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Industries was making a take-nver hid for Multi-Purpose Holdings. Hume rose 56 cents to S\$3.38 and Multi-Purpose was suspended for the takeover news after closing on Wednes-

news after closing on weaters day at \$\$1.02. HONG KONG closed higher in the market's most active session in more than three weeks. The Hang Seng indox rose 18.99 to 3,079.15 and turn-over jumped to HK\$1.7bn from the previous day's HK\$1.2bn. Property, utility and trading sectors rose modorately, while the hanking group was mixed.

sectors rose modorately, while the banking group was mixed. Institutions bought blue chip stocks, particularly Hutchison Whampoa, up 30 cents to HK\$11, and Hongkong Land, i0 cents higher at HK\$11.30. SEOUL attracted hargain-hunting and recovered most of the previous day's fall, with the composite index rising 23.52 to 951.48. The financial sector sub-index posted a 2.7 per cent increase and the only losers were shipping issues.

SOUTH AFRICA

PLATINUM issues boosted Johannesburg, as the palla-diam price surged. Impala rose R4 to R50.50 and Rusten-burg gained R3.25 to R61.50.

Talk of withholding tax change propels Frankfurt

FFr1.5hn and FFr2hn.

to a year's high.

goes through.

38.60.

CABINET moves in West hy plans to limit voting rights Germany and talk of tax in a move against hostile bids. changes further excited the stock market and distracted dealers from today's batch of US statistics, which induced some caution elsewhere, *writes* Our Markets Staff.

FRANKFURT was given a fresh hoost to its already euphoric mood hy news that Mr Theo Waigel was replacing Mr Gerhard Stoltenherg as Finance Minister and that he might abolish or alter the controverslal 10 per cent withholding tax on bond investments.

Trading volume soared to a huge DM7.29hn worth of domestic shares, which was reported to be the highest level since the global crash in October 1987.

Foreign activity was consid-erable, with UK interest increasing, but brokers reported that US investors at 472.49 were still largely absent.

Share prices surged until a

Fokker lost 80 cents to FI 43 anticipating results due today while Nedlloyd climbed Fl 15.50 The share price rose DM1.50 to DM333, while Deutsche Bank to Fl 365.50 on suggestions of hld moves from Norwegian Mr gained DM5 to DM549. Metalligesellschaft was un DM6 at DM442 after reporting sharply higher first half ligures

Tor Hagen. MADRID weakened despite the previous day's good money supply figures. The general index fell 1.35 to 293.94 as on Wednesday. PARIS had a nervous day awaiting today's US economic data, and prices eased in trad-ing volume estimated between stocks were hit hy profit-taking after recent rises and uncertainty over next week's inflation figures.

The easier tone was also partly technical, following the Few stocks escaped the gen-eral decline. Metals companies rise in the CAG General index Nueva Montano Quijano, up 5.5 points to 121.5 of par, and Altos The index, based on opening prices, firmed 1 point yesterday Hornos de Vizcaya, 0.37 points ahead at 109.87, benefited from to a fresh high of 459.3, just helow the all-time peak of 460.4. But indices reflecting yesterday's movements ended

hopes that they would end years of unprofitability. ZURICH was a little firmer despite the late announcement of interest rate rises. The Credit Suisse stock index put on 1.9 to 573.9. Adia was the

Midi had a strong late run, adding FFr50 to FFr1,550. main feature, the bearers ris-There were signs of renewed ing SFr450 to SFr8.425 as ana-

USTRALIA'S stock market reacted calmly - almost indifferently - yesterday to the package of tax cuts and pay rises unveiled by Mr Paul Keating, the Federal Treasurer, on Tuesday night.

The All Ordinaries index, which covers the hulk of stocks traded, finished virtually unchanged on the day at 1,421.5, down 0.4 in moderate trading. Earlier in the day it had risen more than 8 points to touch 1,430, hut then fell back. Analysts said the package had been thoroughly antici-pated through numerous leaks and contained no surprises. But they pointed to contradictory influences which made it difficult to predict whether the dull trend of recent months

will continue. This stagnation has seen the index meandering in the 1,400-1,550 range for the past five months and, in turn, has made the Australian market one of the worst performers

rally. On top of this, institutions now have low equity weight-ings, there has been a build up

rates are thought likely to reach a peak shortly. On the negative side, con-

economy. Analysts say the worst comhination would be a downturn in the world economy which hits Australian commodity exports and the world's stock markets at the same time as Australia's tight fiscal and monetary policies reduce domestic demand.

The likelihood of this is not



105 HAC Australia h Charles Black 90 Apr

overwhelming at present. But some of the specifically Austra-lian-related aspects of such a scenario - the gloomy outlook

for the balance of payments, inflation, interest rates, investment and, of course, company profits - appear to have been factored into the market

> Keating's package, as most Australia watchers recognise if not appreciate, is political rather than economic. After six

a rahbit out of the hat to

as before. The next focus of attention will be next week's March hal-ance of payments figures, and quarterly inflation figures, and be released at the end of the month. Neither is expected to show a reversal of the deterior-

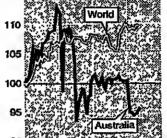
ating trends seen over the past six months. In the meantime, there is the usual clutch of diversions -

this week, the reverberations of the collapse of the Spedley finance house and speculation about moves on the BAT affili-

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FT-A World Indices



Jan 1989

WEDEN

ANNUA

REPORT INDEX

1.9.8.9

Budget news leaves Australians unruffled

But it is hard for analysts to say if the dull patch is over, writes Chris Sherwell

seen as a pre-requisite for a In Sterling terms

of cash through strong money-supply growth and interest

cern is growing about the over-all outlock, hoth for the world economy and for the domestic

World

years of restraint in federal spending and wages, the Labor Government clearly feels it

cannot seek a record fourth term without increasing living standards - in this case, at the expense of pleasing the finan-cial markets. In this respect, the package is something of a turning point. Mr Keating abandoned his customary habit of pulling.

ate Amatil – while 8 constant eye for trends is fixed on New York and London.



late bout of profit-taking. The FAZ index was up 7.09 at 585.28, a gain so far this week of 3.7 per cent. The DAX index climbed to a peak of 1.401.18 before easing to close 6.10 het-ter at 1.387.76.

News that changes could be made to the withholding tax, which has been blamed for a huge outflow of investment funds and for a weakening in the D-Mark, was seized upon

eagerly. If the tax were lifted, money should move back into German honds, increasing husiness for the banks and making higheryielding stocks such as chemicals more attractive as bond yields fell, said one salesman, The bond market moved up sharply yesterday and the D-Mark strengthened.

Leading bluc chips led the active stocks for a second day. Chemicals firmed slightly, with Bayer up DM2.10 at DM306.90. Pharmaceutical Schering rose DM6.50 to DM628.50 before its dividend announcement today. Results from Dresdner Bank were in line with expectations, but the market was surprised

activity in the Midi-Axa insurance group, with Axa unit Drouot Assurances actively traded and rising FFr24, or 5.9 per cent, to FFr428.

lower, with the OMF 50 off 1.27

account on a quiet note, with the Comit index easing 2.18 to 600.81. This left it 2.9 per cent higher than at the start of the Générale Occidentale fell FFr33 to FFr882 after news that it did not intend to make a hig aquisition and that CGE did account on March 15. not plan to reduce its stake. Pharmaceutical Sanofi rose

OSLO closed at a second con-secutive record high. The all-share index climbed 3.62 to FFr22 to FFr840 after a meet-ing with French analysts and 465.18 in heavy trading worth amid rumours that it might be NKr789m. showing interest in part of Bee-cham of the UK or SmithKline Elkem, the metals producer, was actively traded despite an explosion at a plant in north-

of the US before their merger ern Norway. It put on NKr11 to AMSTERDAM closed mixed NKr328. in moderate trading, with the CBS tendency index edging 0.4 lower to 178.1. HELSINKI rose in hrisk

trade after falling for two days. The Unitas all-share index added 0.2 per cent to 807.6.

Larger stocks were hurt hy profit-taking and a weaker dol-lar. Philips went ex a Fl 1.60 Nokia's ordinary free shares, which began the month at dividend and fell Fl 2 at Fl FM120, rose FM1 to FM140 following the company's announcement of a manage-BL60, Publisher Elsevier fell 70 cents to FI 68.50 and Wolters Kluwer shed FI 1.70 to FI 170.30, VNU was strong, having

ment restructuring. STOCKHOLM was nervons hefore Sweden's revised hndpublished an optimistic annual get, due for release on April 25. The Affärsvärlden General report earlier in the week, and closed 70 cents higher at FI 94. index edged up 5.1 to 1,122.2.

FT-ACTUARIES WORLD INDICES

over that period among the countries in the Organisation lysts re-examined the company's prospects after recent for Economic Cooperation and Development (OECD). MILAN ended the monthly

During the first quarter of this year, Australia was the only market in the FT-Actu-aries World Indices to end lower than at the start of 1989. It lost 2.7 per cent in local cur-rency terms, while the World Index rose 6.1 per cent. On the positive side, a num-her of signals has begun to

appear suggesting that Australia's hear market might be coming to an end.

For one thing, valuations have become more attractive in relation to other markets, with prospective price-earnings ratios on industrial stocks standing at just over 8. The current p/e ratio on the Stan-dard & Poor's Industrial index stands at 13, while that on the FT-A Industrial Group in the

UK is about 12.5. For another thing, market sentiment has reached a new low. According to a survey last week by hrokers Ord Minnett, a record 81 per cent of respon dents were bearish abont the month ahead - a magnitude

Europe's leading paper and packaging companies. We have production in Sweden, Denmark, Germany, Great Britain, Switzerland and the Netherlands. We pro-

duce 830,000 tonnes packaging paper and board annually. We make 220,000 tonnes market pulp every year. Our production of corrugated board and corrugated boxes amounts to 400,000 tonnes a year. ASSI has 7,200 employees.

ASSI Group net sales in 1988 amounted to MSEK 6,814. Group results continued to improve and profit after depreciation and financial income and expenses was MSEK 466 (MSEK 301).

The markets for ASSI Group products continued to develop positively during 1988. Available production capacity within the paper and packaging operations was fully utilized. Prices improved.

ASSI is one of Group activities during 1988 were further concentrated on packaging paper and packaging. These areas offer the ASSI Group excellent growth potential, and we are well equipped to compete on the market. Integration of pulp, paper and packaging is an important strength factor and reduces the effects of troughs in economic cycles. During 1987 and 1988, the Group carried out substantial structural changes and completely left the building material sector.

"ASSI's new streamlined structure means a clear increase in strength. Rapid industrial integration in Western Europe presents new opportunities. Our network of packaging companies can offer good

service to customers on the local, national and European level?'

Hans Carlsson Managing Director and CEO, ASSI

To find out more about the performance, direction and prospects of some of Sweden's most successful corporations send for a free copy of the 1988 annual	Attach your business card or please print.					
report of the corporations listed below. Please circle for your free copies;	Name	•	<u>.</u>			
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SKANSKA STORA	Country					
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NATIONAL AND REGIONAL MARKETS WEDNESDAY APRIL 12 1989 TUESDAY APRIL 11 1989 DOLLAR INDEX Figures in parentheses U5 Oollar Index Gross Oiv. Yield Year ago (approx) Local Oay's Local Pound show number of stocks per grouping Sterling Dollar Sterling 1988/89 Low Change % Currency Index Currency Index 988/89 High 129 29 119 98 132 34 134 48 173 51 Australia (89)..... 128.80 112.99 105.6 157,12 128.28 +0.4 113.43 116.46 129.37 115.88 172.93 136.78 118.18 84.53 127.49 105.26 104.44 116.07 92.84 128.52 124.67 165.35 Austria (18) +0.8 Belgium (63). Canada (127). 117.96 Denroark (38). Finland (26)..... 154.87 118.74 86.68 129.34 145.12 135.86 104.17 76.04 113.47 France (130) West Germany (100) Hong Kong (49)

Jointly compiled by The Financial Times Limited, Galdman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

121.28 91.60 126.98 125.12 121.73 126.49 88.68 78.86 104.97 123.58 78.37 173.14 128.42 $\begin{array}{c} 106.42\\ 117.57\\ 129.40\\ 115.79\\ 173.03\\ 137.09\\ 115.79\\ 113.69\\ 137.09\\ 118.60\\ 85.01\\ 129.21\\ 144.41\\ 180.27\\ 457.31\\ 115.48\\ 58.54\\ 170.39\\ 133.57\\ 122.74\\ 135.68\\ 148.52\\ 78.63\\ 125.47\\ 121.76\\ 12$ 119.98 136.68 137.27 180.38 90.40 133.77 147.10 86.88 200.11 170.64 173.41 170.64 173.41 118.90 76.02 183.59 147.99 142.88 154.03 162.00 79.76 153.33 121.90 $\begin{array}{c} 119.05\\ 132.31\\ 134.54\\ 173.40\\ 154.52\\ 118.32\\ 86.19\\ 127.60\\ 144.35\\ 80.73\\ 188.80\\ 167.61\\ 169.38\\ 119.25\\ 67.55\\ 177.37\\ 144.05\\ 138.69\\ 155.32\\ 76.32\\ 142.89\\ 121.54\end{array}$ 118.03 152.12 135.56 103.80 75.61 111.94 126.61 70.82 165.63 147.04 126.36 147.04 126.37 121.67 124.89 126.37 124.89 126.35 126.35 126.35 125.81 112.57 81.77 111.80 125.00 78.16 180.30 143.35 153.32 110.63 67.15 139.92 124.57 115.35 143.14 138.45 74.05 Ireland (17) 127 31 70.79 165.16 149.70 152.13 104.31 59.00 161.06 129.83 123.89 134.12 137.36 66.77 125.47 105.81 143.66 83.32 158.43 177.20 446.12 114.80 58.88 164.61 129.91 123.74 136.05 147.51 78.78 125.35 121.54 80.69 188.26 170.64 173.41 Italy (98) Japan (455) Malaysia (361. 128.42 134.41 Mexico (13) Netherland (42)..... New Zoaland (24)..... 118.90 67.25 183.59 110.27 77.33 128.81 110.18 122.91 Norway (26). Singapore (26) South Africa (60)...... 183.59 147.99 141.22 152.88 156.57 76.11 143.03 121.76 153.02 123.19 81.38 137.57 110.50 Snain (42)..... Sweden (35) Switzerland (57) Switzerland (57)..... United Kingdom (316)..... USA (562).... 134.53 112.13 120.88 153.98 194.72 164.22 122.71 103.11 137.65 162.77 146.04 103.41 132.52 161.23 138.11 107.22 Europe (1008)... Nordic (125)... 110.33 150.01 154.66 136.99 121.4: 101.30 117 88 151.06 183.79 118.11 152.20 103.61 133.52 110.09 148.96 154.79 114.02 +0.2 3.60 1.98 0.70 1.59 3.60 2.89 4.60 1.66 2.04 109.13 114.40 168.37 144.68 111.28 91.47 110.84 143.79 137.95 176.37 152.83 +0.8 Pacific Basin (679)... -0.2 -0.1 +0.2 183.38 160.87 160.87 137.98 107.40 89.89 109.58 137.15 125.36 125.36 106.29 157.43 122.22 102.19 123.82 156.45 142.90 Euro-Paeific (1687)..... North Amarica (689).... Europe Ex. UK (692) Pacific Ex. Japan (224)... 157.28 122.42 136.98 121.21 112.79 98.84 123.48 152.04 138.06 89.65 108.62 137.25 125.37 125.38 102.47 100.69 124.91 156.33 142.89 109.09 136.28 131.88

+0.3 +0.9 -0.1 +0.0 +0.0 +0.0 +0.0 110.11 136.28 131.95 131.39 117.34 World Ex. US (1887) World Ex. UK (2133) World Ex. UK (2133) World Ex. So. Af (2389). 130.28 130.96 110.66 2.25 3.65 131.31 117.10 146.65 138.82 114.51 142.90 142.91 World Ex. Japan (1994). 121.15 120.88 106.05 The World Index (2449) 142.89 +0.0 125.35 131.33 2.26 142.89 125.35 131.26 146.51 138.83 130.92

Base values: Occ 31, 1986 - 100; Finland: Occ 31, 1987 = 115.037 (US S (ndex), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Occ 30, 1988 = 139.65 (US S (ndex), 114.45 (Pound Sterling) and 123.22 (Local). Copyright: The Financial Times Limited, Goldman, Sachs & Co., and County NatWest Securities Limited. 1987 Latest prices were unavailable for this edition.

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